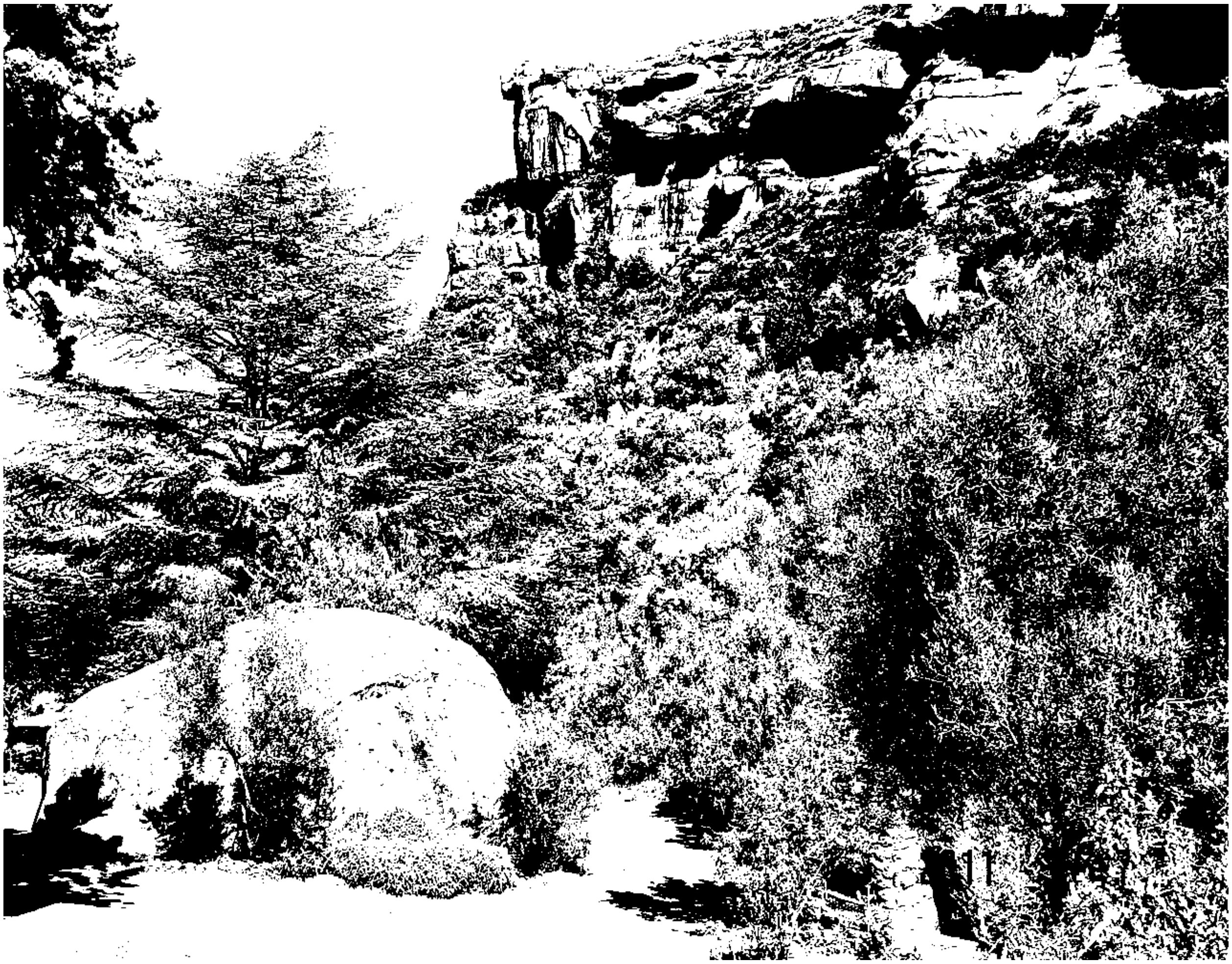


SENQU MUNICIPALITY

# Integrated Development Plan 2011-2016



**Revised 2012-2013**

## TABLE OF CONTENTS

EXECUTIVE SUMMARY ........................................ 6

CHAPTER ONE: PLANNING PROCESS ........................................ 10

CHAPTER TWO: SPATIAL & DEMOGRAPHIC ANALYSIS ........................................ 13

SPATIAL CHARACTERISTICS OF THE AREA ........................................ 13

ENVIRONMENTAL ASPECTS & CHALLENGES ........................................ 14

DEMOGRAPHIC ANALYSIS ........................................ 17

CHAPTER THREE: SOCIO – ECONOMIC AND LED ANALYSIS ........................................ 24

INTRODUCTION ........................................ 24

ECONOMIC OVERVIEW ........................................ 27

EMPLOYMENT RATES ........................................ 28

HOUSEHOLD INCOME and POVERTY LEVELS ........................................ 29

CHAPTER FOUR: SERVICE DELIVERY LEVELS ........................................ 33

MUNICIPAL POWERS AND FUNCTIONS ........................................ 33

SPATIAL ANALYSIS AND RATIONALE ........................................ 36

HUMAN SETTLEMENT ........................................ 38

HEALTH SERVICES ........................................ 44

TELECOMMUNICATIONS ........................................ 45

PUBLIC AMENITIES & COMMUNITY FACILITIES ........................................ 45

SAFE & SECURE ENVIRONMENT ........................................ 46

WASTE MANAGEMENT ........................................ 47

WATER AND SANITATION ........................................ 49

ROADS, TRANSPORT AND STORMWATER ........................................ 51

EXPANDED PUBLIC WORKS PROGRAMME ........................................ 54

ELECTRICITY AND ENERGY ........................................ 54

DISASTER MANAGEMENT ........................................ 55

CHAPTER SIX: GOOD GOVERNANCE ........................................ 61

PUBLIC PARTICIPATION....61
SPECIAL PROGRAMMES....62
IGR & TRADITIONAL LEADERSHIP....63

**CHAPTER SEVEN: WARD PRIORITIES AND PROJECTS.... 64**

**CHAPTER EIGHT: VISION & OBJECTIVES.... 67**

VISION....67
MUNICIPAL PRIORITIES....69
MUNICIPAL STRATEGIC DEVELOPMENT OBJECTIVES....73
MUNICIPAL PROJECTS AND BUDGET....94

**CHAPTER NINE: FINANCIAL PLAN 2011- 2014.... 105**

**CHAPTER TEN: PERFORMANCE MANAGEMENT SYSTEM.... 170**

ANNEXURE 1: MUNICIPAL PLANS & BY LAWS....177

ANNEXURE 2: ABRIDGED ORGANOGRAM....181

**REFERENCES.... 187**

## ACRONYMS

CBP: Community Based Planning
CCR: Cross Cutting Results
CDW: Community Development Worker
CMC: Core Manager Competencies
COGTA: Department of Cooperative Governance and Traditional Affairs
CPTR: Current Public Transport Record
CS: Community Survey
CSIR: Centre for Social and Industrial Research
DBSA: Development Bank of Southern Africa
DHLG &TA: Department of Local Government & Traditional Affairs
DM: District Municipality
DORA: Division of Revenue Act
DTO: District Tourism Organisation
DWA: Department of Water Affairs
ECCATI: Training organisation
ECD: Early Childhood Development
ECDC: Eastern Cape Development Corporation
ECDoH: Eastern Cape Department of Health
ECDORT: Eastern Cape Department of Transport

ECSECC: Eastern Cape Socio Economic Consultative Council
ECTB: Eastern Cape Tourism Board
ECPB: Eastern Cape Parks Board
ECPSDP: Eastern Cape Provincial Spatial Development Plan
ECPGDP: Eastern Cape Provincial Growth Development Plan
EIA: Environmental Impact Assessment
EPWP: Expanded Public Works Programme
ESCOM: Electricity Commission
ESTA: Extension of Security of Tenure Act
EU: European Union
GDS: Growth and Development Summit
GFS: Government Finance Statistics
GGP: Gross Geographic Product
GIS: Geographic Information System
GPI: Growth Performance Index
GRAP: Generally Recognised Accounting Practice
GVA: Geographic Value Added
FET: Further Educational Training College
HCW: Health care worker
HDI: Historically Disadvantaged Individual
HOD's: Heads of Department
HPGR: High Population Growth Rate
HR: Human Resources
ICASA: Information & Communications
ICT: Information and Communication Technologies
IDP: Integrated Development Plan
IGR: Intergovernmental Relations
ISETT: Information Systems, Electronics and Telecommunications Technologies
ITP: Integrated Transport Plan
IWMP: Integrated Waste Management Plan
JGDM: Joe Gqabi District Municipality
KPA: Key Performance Area
KPI: Key Performance Indicator
LED: Local Economic Development
LM: Local Municipality
LPGR: Low Population Growth Rate
LRAD: Land Redistribution and Agricultural Development
LTO: Local Tourism Organisation
MDB: Municipal Demarcation Board
MEC: Member of the Executive Committee
M&E: Monitoring & Evaluation
MFMA: Municipal Finance & Management Act 53 of 2003
MHS: Municipal Health Services
MIG: Municipal Infrastructure Grant
MoU: Memorandum of Understanding
MM: Municipal Manager
MPCC: Multi Purpose Centre
MSA: Municipal Systems Act 32 of 2000
MTREF: Medium Term Revenue Expenditure Framework

NAFCOC: National African Federation of Chambers of Commerce
eNatis: National vehicle licensing system
NEMA: National Environmental Management Act
NLTTA: National Land Transport Transition Act
NSDP: National Spatial Development Perspective
OTP: Office of the Premier
PDI: Previously Disadvantaged Individual
PGDP: Provincial Growth and Development Plan
PHC: Primary Healthcare
PMS: Performance Management System
PMTCT: Prevention of Mother to Child Transmission
PPP: Public-Private Partnership
HDI: Human Development Index
RDP: Reconstruction and Development Plan
RSS: Rapid Services Survey (conducted by Fort Hare for the Office of the Premier in 2006)
RWS: Rural Water Schemes
S 57 Managers: Managers who report directly to the Municipal Manager
SANRA: South African National Roads Agency
SAPS: South African Police Services
SAWEN: South African Women's Entrepreneurship Network SCM: Supply Chain Management
SDBIP: Service Delivery and Budget Implementation Plan
SDF: Spatial Development Framework
SEDA: Small Enterprises Development Agency
SETA: Sector Education and Training Authority
SLA: Service Level Agreement
SLM: Senqu Local Municipality
SMME: Small, Medium & Micro Enterprises
SPU: Special Programmes Unit
TEP: Tourism Education Programme
TB: Tuberculosis
THETA: Tourism & Hospitality Education & Training Authority
TI: Tress Index
UFH: University of Fort Hare
UPE: Universal Primary Education
VCT: Voluntary Counselling & Testing
VIP's: Ventilated Improved Pit Latrine
WSA: Water Services Authority
WSP: Work Place skills Plan
WSDP: Water Sector Development Plan
WTW: Waste treatment Works

# EXECUTIVE SUMMARY

**PURPOSE OF THIS DOCUMENT**

The basic purpose of Integrated Development Planning is to achieve faster and more appropriate delivery of services and providing a framework for economic and social development in a municipality. Integrated Development Planning creates a planning environment that allows for the integration and alignment of government's delivery priorities and objectives and is aimed at eliminating the development legacy of the past.

This document contains the development priorities of Council for its term of five years and forms a commitment between the municipality and its residents about how and where development will take place.

The document also seeks to incorporate, resolve and take cognisance of the findings of the Auditor General, Internal audit and the previous findings of the IDP Assessment 2011-12 as well as the Municipal turnaround strategy.

In addition the Municipality s looking at expanding is planning horizon and move it from a 5 year to a 20 year timeline.

***DEMOGRAPHIC STATISTICS***

The 2007 Community Survey conducted by Stats SA has indicated that the total population figure has dropped and the number of households has increased slightly since the 2001 census. 93% of the total population live in the Sterkspruit sub-region comprising 110 223 out of the total municipal population of 118 174. The majority of the Senqu population reside in rural areas (86% based on the 2001 Census). This includes rural villages and farm households. The population density is estimated at 16.12 persons per km squared.

The population numbers have decreased but there has been a slight increase in household numbers. The corresponding needs for infrastructure and social services have not declined due to the high number of indigent people. This means that there is a risk that the equitable share contribution will probably remain insufficient to provide the basic service provision as set out in the Constitution.

***SOCIO –ECONOMIC SUMMARY***

Data from the 2007 Community Survey indicates that the average unemployment rate of the Senqu Municipality is 16 %. This only includes people that are actively searching for work. The percentage of people who are unemployed but not looking for work is 65%, compared to 54% for the district and 48% for the province.

50.25 % of the population earn no income and that a further 21.39% earn between R 1 and R 1 600 per month (SDF 2011). In Senqu the dependency ratio is 161:100 which means that for every 100 economically active people, there are 161 people who are dependent. A total of 30 246 child grants plus 10 846 adult grants are paid monthly, 3024 for foster care, 22 684 for child support and 305 for care dependency. This is 34.77 % of the 2007 estimated population of 118,174. This indicates that the tax base to pay for services is limited.

SLM has low levels of education with 58.85% of the population having only received a primary school education.

In general, Senqu is reflected as a poor area facing high levels of services backlogs, poverty and unemployment, the ramifications of which include diminished quality of life, reduced ability among residents to pay for services and the concomitant dependence of the Municipality on subsidies and other external funding. The employment structure suggests a limited local skills base, given the dominance of unskilled to semi-skilled occupations, and a reliance on public sector employment (LED Strategy 2007).

Economically, Senqu makes the second largest contribution, after Maletswai, to the District economy in terms of GVA (26.2%) and accounts for the greatest share of formal employment (32.0%) (LED Strategy 2007).

***SERVICE DELIVERY PERSPECTIVE***

The Community Survey 2007 provides data on the types of main dwelling for the Senqu Municipality. There are 10784 households, or 30.72%of the population who live in traditional dwellings/ huts/structures made of traditional materials and 60.90 % who live in a house or brick structure on a separate stand or yard.

Senqu has the highest unserved population with water out of the JGDM based on the 2007 Community Survey with 13.2 % receiving no water and 18 % being below RDP standard. However it is good to note that 68.8 % are receiving water of above RDP standards. In terms of sanitation 45 % remain unserved (JGDM WSDP 2010).

Apart from the backlog, Senqu is experiencing problems with decaying and poorly designed water and sanitation system that were not designed to cope with the demands placed upon them today and which have come to the end of their lifespan.

The electrification and telecommunication network in Senqu is insufficient with poor quality experienced in many areas. The main problem with the electrification network in town is the high amount of leakage. Waste management remains a problem with insufficient staff and old vehicles which constantly break down. In addition the waste sites are poorly maintained and recycling iniatives are small due to the limited budget.

Environmental management is poor due to limited staff and budget and many by laws are not enforced due to the factors already mentioned. As a result many town planning by laws are broken and illegal land invasion occurs on a regular basis.

Access roads and bridges in the rural area are generally of a poor standard due to lack of maintenance and staff. Rural people struggle to access services due to this especially during the rainy period when the roads become impassable and flooded. Access to clinics and schools remains a challenge as people still have to walk long distances and the quality of the service is limited.

*MUNICIPAL PRIORITIES*

| | |
|---|---|
| 1. Roads - | Priority areas are places with no approach roads. In W 14, 16, 19 and 10 the emphasis should be on paving roads. Also a job creation opportunity |
| 2. Land – | Lack of land and tenure problems. The SDF indicates Sterkspruit as priority node. Look at expanding Sterkspruit and the development of. Barkly as a priority issue |
| 3. Job creation – | Need to improve skills level of the population |
| 4. Recreational facilities – | Needed in every ward especially for youth |
| 5. LED – | Look at agro processing e.g wool washing. |
| 6. Communication and public participation- | Public participation must be increased. Network poles and transmitter poles for television are desperately needed in most areas. |

The following are priorities outside the Municipality's powers and functions but need addressing

1) Water

2) Sanitation

3) Electricity

4) Disaster management

# CHAPTER ONE: PLANNING PROCESS

***INTRODUCTION***

Senqu Local Municipality will review its IDP and Budget in accordance with the requirements as set out in the Local Government: Municipal Systems Act (MSA) 32 of 2000, the Local Government: Municipal Planning and Performance Management Regulations 2001 and the Municipal Finance Management Act 56 of 2003.

The review will also take into account the 2011-12 IDP assessment recommendations which rated the municipality high in all areas but that of LED and service delivery.

***ADOPTED PROCESS PLAN***

The MSA 28(1) states that *each municipal council … must adopt a process set out in writing to guide the planning, drafting, adoption and review of its IDP".* The process plan was adopted in August 2011. The Process Plan outlines the programme to be followed and provides details on issues specified in the Act.

The Local Government: Municipal Structures Act 117 of 1998, Municipal Systems Act 32 of 2000 and Municipal Finance Management Act 56 of 2003 are specific to municipalities and are the key important legislations for the development of the IDP. Other national sector legislations also contain various kinds of requirements for municipalities to undertake planning.

Some important National and Provincial guiding plans and policy documents for the IDP include the Medium-term Strategic Framework, the National Spatial Development Perspective (NSDP), the National development Plan, the new Growth Path, the Eastern Cape Provincial Spatial Development Plan (ECPSDP), the Eastern Cape Provincial Growth and Development Plan (ECPGDP) and the Ukhahlamba (now Joe Gqabi) District Growth and Development Summit (GDS).

***IDP PROCESS***

The IDP Process is a continuous cycle of planning, implementation and evaluation.

**INSTITUTIONAL ARRANGEMENTS AND ROLES & RESPONSIBILITIES**

The development of the IDP and Budget involves Municipal Officials, Councillors as well as stakeholders/actors outside the Municipality.

| Institution | Role & responsibility |
|---|---|

| | |
|---|---|
| Council | Approves, adopts the IDP and budget<br><br>Participates in M&E |
| Executive Committee | Decides on the Process Plan.<br>Manages, co-ordinates and monitors the process and drafts the IDP and budget |
| IDP Manager | Drafting and co-ordination of the IDP process on a day to day basis |
| IDP and Budget Steering Committee | Provides technical expertise for the drafting of the IDP and budget |
| IDP Representative Forum | Provide community needs and priorities and indigenous knowledge.<br><br>Act as a M&E mechanism |

***OTHER ACTORS***

| ACTORS | ROLES AND RESPONSIBILITIES |
|---|---|
| Ward Councillors/Ward Committees (assisted by CDWs) | • Major link between municipality and residents<br>• Link the planning process to their wards or constituencies<br>• Organize public consultation and participation<br>• Represent the ward at the IDP & Budget representative forum<br>• Analyse ward-based issues, determine priorities, negotiate and reach consensus. |
| Community | • Represents interests, contribute knowledge and ideas to the Representative Forum<br>• Inform interest groups, communities and organizations<br>• Analyse issues, determine priorities, negotiate and reach consensus<br>• Participate in designing project proposals<br>• Discuss and comment on the draft IDP<br>• Monitor performance in implementation<br>• Conduct meetings with groups, communities, etc to prepare for and follow-up on relevant planning activities. |

**MECHANISMS FOR COMMUNITY AND STAKEHOLDER PARTICIPATION**

One of the main features about IDP and Budget Processes is the involvement of community and stakeholder organizations in the process. This is done though:

- IDP Representative Forum to verify and add data
- District Municipality's Rep Forum to ensure that local priorities are adequately reflected on the District's IDP
- Ward Councillors and ward meetings to keep communities informed about the IDP progress (including Ward Committees and CDWs)
- Annual reports on municipal progress
- Mayoral outreaches
- Advertisements in local newspapers and community radios on the progress
- Making the IDP document available to all units and public places for public comments
- Municipal website.

English is used as a language of governance however in community meetings languages that are spoken in that community are used. Officials are responsible for arranging venues and transport for all wards to all meetings. Transport is arranged for Traditional Leaders, Designated Groups and Ward Committees at the cost of the municipality.

**MECHANISMS AND PROCEDURES FOR ALIGNMENT**

The IDP Manager (Municipal Manager) and the Manager IDP & PMS of Senqu Municipality is responsible for ensuring smooth co-ordination of the IDP process and its alignment with the District's IDP through bilateral discussions with affected sector departments and neighbouring Municipalities as well as IDP representative Forums. Inter-Governmental Forums such as the Joe Gqabi District IDP Representative Forum are also be used to ensure that beneficial alignment of programmes and projects do occur.

**PROCESS FOLLOWED TO DATE**

- Mayoral Outreach with community members October 2011
- IDP Rep Forum 22 November 2011
- IDP Rep Forum 19 March 2012
- Mayoral outreach with community members May 2012

# CHAPTER TWO: SPATIAL & DEMOGRAPHIC ANALYSIS

**SPATIAL CHARACTERISTICS OF THE AREA**

| | |
|---|---|
| Area | 7329km². |
| Neighbours | Maletswai (W), Emalahleni & Sakhisizwe (S), Elundini (E) and Kingdom of Lesotho (N). |
| Towns | Major: Sterkspruit, Lady Grey & Barkly East |
| Hamlets | Rossouw, Rhodes & Herschel |
| Villages | 85 |
| Topography | Mountainous. Slopes steeper than 1:8 as part of the southern Drakensberg range. The highest point in the Eastern Cape, Ben MacDhui at 3001m above sea level occurs in the municipality (JGDM Environmental Plan). |
| Catchment area | Orange river catchment. |
| Geology | Karoo Supergroup<br>Basaltic lavas of Drakensberg Group<br>Beaufort, Molteno, Elliot & Clarens Groups of sandstone & shale (JGDM Environmental Plan) |
| Climate | Temperature fluctuations of between 42°C and -16°C in summer. In winter the minimum temperature can vary between -7°C and -1°C.<br>Annual average of 150 days of frost.<br>Rainfall varies from between 1000mm and 1400mm of rainfall a year to about 600mm in the lower lying areas (JGDM Environmental Plan) |

| | |
|---|---|
| Soils | Degraded areas due to communal grazing lands not being well maintained or protected under the previous dispensation. The primary cause is the overstocking of livestock and inappropriate grazing methods. (JGDM Environmental plan) |
| Vegetation | There are five vegetation types found in Senqu:<br>• Dry Sandy Highveld Grassland<br>• Moist Cold Highveld Grassland<br>• Afro Mountain Grassland<br>• Alti Mountain Grassland. It is important for grazing and generally occurs in water catchment areas<br>• Moist upland Grassland .This is important for maize farming and forestry. |
| Land use cover | Total cultivated area of arable land of 47 319, 21 Ha. Dry land under commercial Production has 18 178, 39 Ha;<br>Commercial Irrigated Land has 3 866, 57 Ha<br>Semi Commercial (Commonages) has 25 274, 25 Ha (Information supplied by the Department of Agriculture).<br>Limited land available that can sustain intensive agricultural practices. |

***ENVIRONMENTAL ASPECTS & CHALLENGES***

- Alien vegetation. The municipality struggles with crack willow which grows along the Kraai river and sucks up litres of water
- Firewood collection. Persons collect firewood indiscriminately breaking down trees. In addition the indiscriminate burning of grasslands creates air pollution and loss of biodiversity
- The location of dipping tanks. Many of these dipping tanks are located near streams which can poison water supplies

- Borrow pits which are not adequately rehabilitated
- Drainage culverts placing can either hinder or promote gulley erosion
- The waste water treatment works at Lady Grey are only 200 m from a farm dam which could contaminate the water supply. The waste treatment works in Sterkspruit are inadequate to the need and frequent sewerage spills occur into the Sterkspruit River. The Barkly East sewerage ponds are located adjacent to a wetland and contamination could kill many animals. The proximity of waste water treatment works at both Lady Grey and Barkly East to rivers pose a risk as they could be susceptible to potential flood damage
- Soil erosion which is the highest in the JGDM due to marginal soils being utilised for inappropriate agricultural practises.
- The registration and management of solid waste disposal sites
- Lack of recycling at waste sites
- Burning of waste and inadequate collection of waste leading to illegal dumping Lack of capacity both financial and human to act on environmental issues
- Lack of capacity to implement environmental by-laws
- Inappropriate land and hygiene practises leading to increased sedimentation and entrophication and pollution of fresh and groundwater sources.
- Increased invasion by alien and undesirable species like Slangbos and blue bush near Lady Grey Limited protection of environmental sensitive areas
- Poor and crumbing sanitation infrastructure (JGDM Environmental plan 2006 & Draft 2011)

**ENVIRONMENTAL OPPORTUNITIES**

- Beautiful mountainous scenery for adventure and agricultural tourism
- Possibility of off grid and cleaner sources of electricity such as wind (JGDM Environmental plan Draft 2011).

***THE IMPACT OF CLIMATE CHANGE***

In 1990 South Africa was responsible for about 1.2 % of the total warming effect which placed it within the top ten contributing countries in the world. The carbon dioxide equivalent emission rate per person in South Africa is about 10 T of Carbon dioxide and above the global average of 7 T per person per year. A recent study by the Countries Studies Project predicts that climate change will cause mean temperature increases in the range of between 1 to 3 degrees centigrade by the mid-21st century with the highest increases in the most arid parts of the country. A broad reduction of between 5 to 10 % decrease has been predicted for summer rainfall regions like Senqu. This is likely to be accompanied by an increased incidence of drought and floods with prolonged dry spells followed by intense storms. A marginal increase in early winter rainfall is predicted for the winter rainfall region. A rise in sea level is also predicted of about 0.9 m by 2100 (DEAT website 2000-2005)

Whilst there might be some debate on the effect of climate change, it is clear that the health sector, maize production, plant and animal biodiversity, water resources and rangelands are areas most vulnerable to climate change.

The main effects for Senqu would be:

- Water scarcity may increase in some areas. It is estimated that even without climate change, South Africa will use up most of its surface water resources within the next few decades. Climate change may also alter the magnitude, timing and distribution of storms that produce flood events.
- Frequency of livestock disease outbreaks could be affected
- Maize production will decrease as the climate becomes hotter and drier resulting in the decrease of about 10 to 20 % over the next 50 years.
- Decrease in biomes by 38 to 55 % by 2050, decrease in species and an expansion of insect pests such as the brown locust (DEAT website 2011)

**CLIMATE CHANGE STRATEGY**

1. Temperature increase

An increase in temperature will have a greater impact on communal farmers as a recent study done by CEEPA indicates that farmers with larger areas of ground will be better able to withstand the effects of climate change. Senqu will therefore be focussing its efforts on training small scale farmers how to compensate for this increase by changing their farming methods and practises.

Senqu Municipality will look at the possibility of developing building bylaws for people regarding insulation of their houses such as double glazing and the alignment of the building to the sun. This will help in decreasing costs of heating and cooling. This still needs to be investigated to determine the economic feasibility of enforcing the regulations in an economically depressed region.

2. A fall in precipitation

A fall in precipitation of between 2 to 8 % by 2050 and 4 to 8 % by 2100 will affect dryland farms more as well as small scale farmers, as it is estimated that crop net revenues will fall by 1.7 % to 5.3 % per hectare for the whole of South Africa. It also suggests that an annual increase of 1 degree centigrade will have a positive impact on annual crop net revenues for all farms except dryland. The increase in temperature will affect crop farm net revenues negatively in the summer farming season but positively in the winter season (CEEPA, 2006 Climate change and African agriculture).

Senqu Municipality will work on working with farmers to develop strategies that will develop the positive impacts while reducing the negative impacts for all types of farming but not significantly for dryland farming.

In addition, the Municipality will look at increasing the amount of water storage in the area and implementing by laws which insist that all householders have tanks on their property to collect rainfall. There will also be an increase in maintenance of roads, bridges and storm drainage.

**DEMOGRAPHIC ANALYSIS**

The revised population estimates based on the Community Survey 2007 (Statistics South Africa, 2007); indicate that Senqu has a population of approximately 118,174 compared to the 2001 Census estimate of 135,141. This indicates that the population is decreasing. The population decrease can be attributed to out migration as people move to seek jobs and schooling and increasing urbanisation which is linked to decreased family sizes and women giving birth at older ages.

However household numbers are increasing from 33 728 (2001) to 35 107 (2007). This is due to the effects of urbanisation and participation in a world economy which means that the cost of large families and households are too prohibitive. Overall the population accounts for 38.32% of the total population residing in the Joe Gqabi District, making it the second most populous local municipality in the district after Elundini (SDF 2011).

The dominant home language is Isi Xhosa, isiHlubi, seSotho, Afrikaans and English. A larger part of

isiHlubi speakers can be found around the Sterkspruit area.

Rural vs. Urban Population

According to the 2001 Census 86% of households are rural in nature; this includes rural villages and farm households. Lady Grey has a population of 1312, Barkly East a population of 4 292 and Sterkspruit 1 557 (Statssa 2001). It must be remembered that for Sterkspruit this number only refers to the main town. This dynamic is shifting with the phenomenon of urban in migration occurring in Senqu Local Municipality. The majority of which is situated around the town of Sterkspruit (SDF 2009). This simply means that people are moving to live in villages which are expanding towards the urban centre of Sterkspruit. The concept of a rural countryside with scattered homesteads is disappearing to be replaced by many villages growing towards each other creating rural urbanisation.

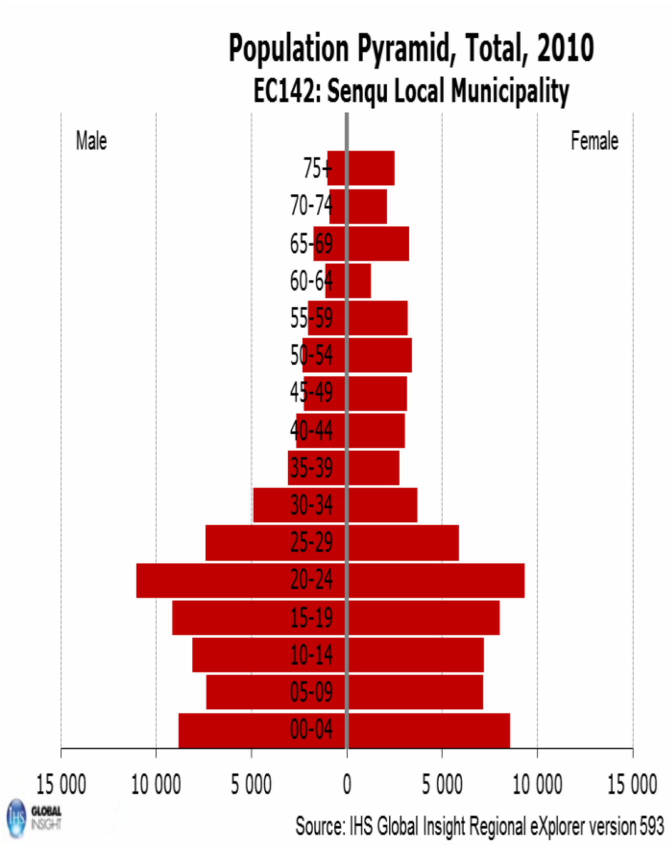
*Table 1 indicating urban and rural household information (2001 census) Statssa*

| Name | No of Rural households | % of total household | Rural hh % of province | No of urban h/holds | % of total households | Urban hh as % of province | Total no of H/holds |
|---|---|---|---|---|---|---|---|
| Senqu Municipality | 28920 | 49.58 % | 3.4 % | 4811 | 18.24 % | 0.73% | 33731 |

There is an also an out migration of people both out of the rural areas to the urban areas and from JGDM to other districts. An inward migration from Lesotho to Mt Fletcher and Sterkspruit is also experienced (Joe Gqabi WSDP 2010).

**GENDER, RACIAL AND AGE DISTRIBUTION**

Approximately 38.30% of the municipal population falls in the 20-65 age categories which can be seen as the economically active sector of the population, with 51.88% of the population below the age of 20 as contained in the population pyramid below based on the 2007 Community Survey. This suggests continuing population growth in the area with a need for educational facilities and a focus on education and skills training (SDF 2011).



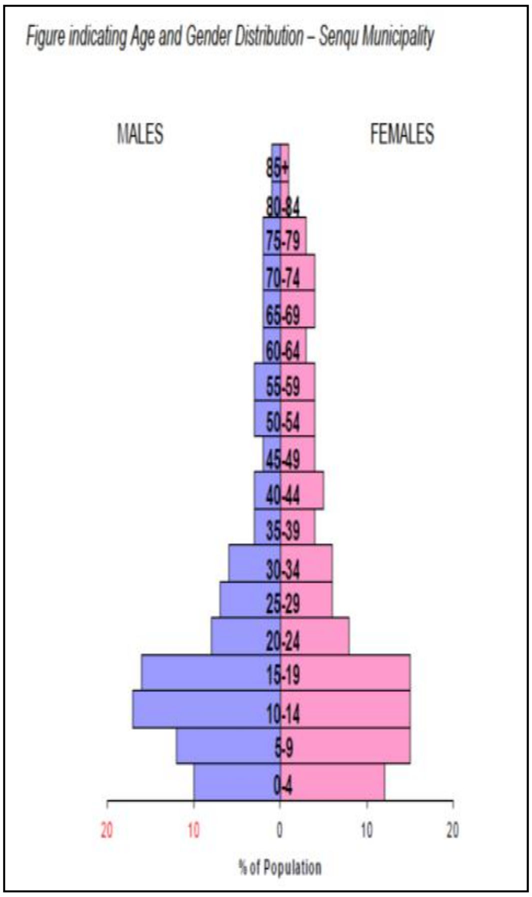



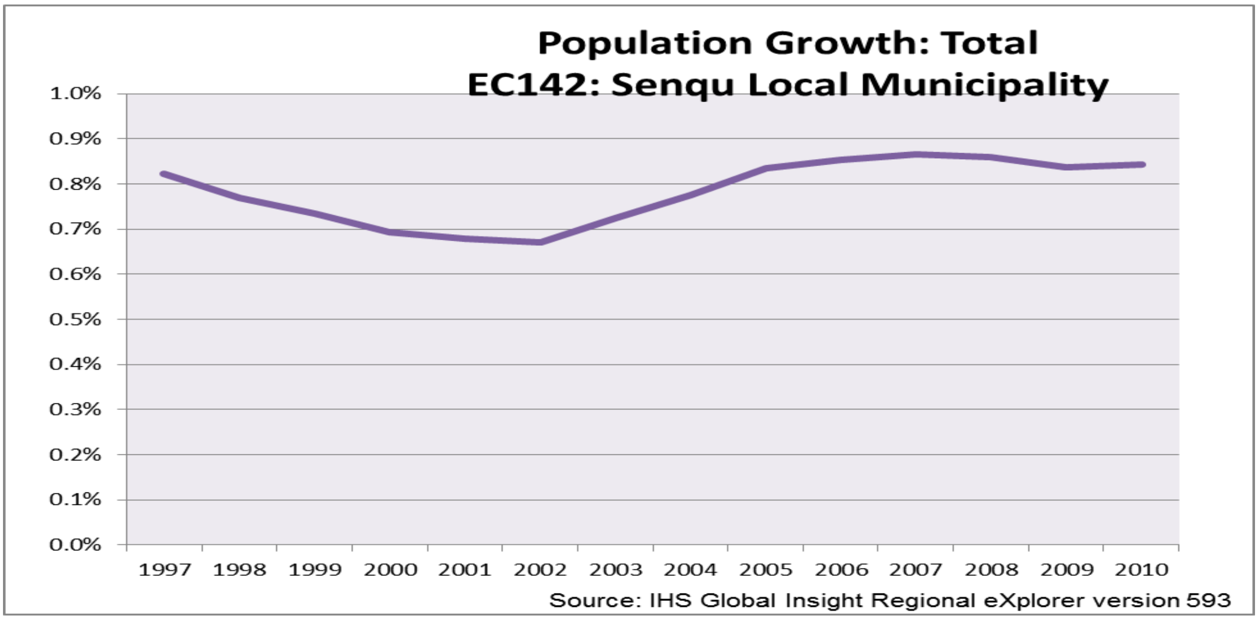

Figure 1: Population Pyramid (Statssa 2007) and Global insight 2010

The overall male - female ratio is 45% male to 55% female. This may be ascribed to migrant and commuter labour which has resulted in many households having a woman as the head of the household and the chief breadwinner living away from the home. This will also impact on the type of development that may occur, especially with regards to manual labour-type employment (SDF 2011).

The majority (98.30%) of the population are Black Africans.

**POPULATION PROJECTIONS**

Between out migration and HIV/Aids it is noted that there is a decrease in the population of the area as can be seen from the 0.88% decrease in population from 2001 to 2007. The population growth rate indicated in the chart indicates that the population growth rate is very small.

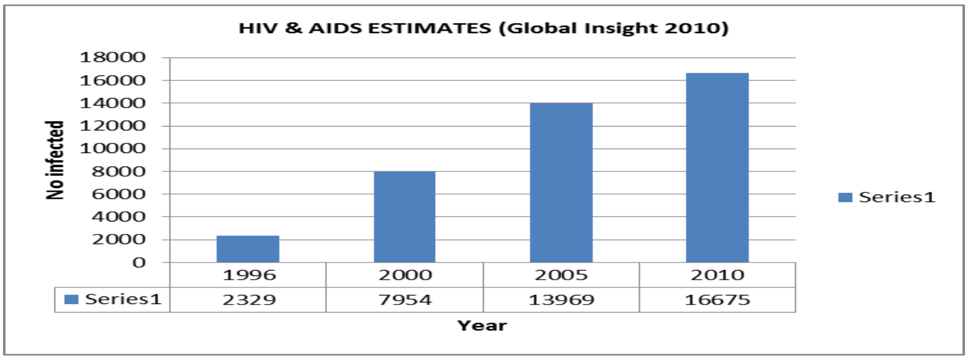



According to the DBSA (Provincial Population Projections, 2000) projected population growth rate for Senqu will vary depending on a High Population Growth Rate (HPGR) scenario that does not take the impact of HIV & Aids into account as opposed to a Low Population growth Rate (LPGR) that does take HIV & Aids into account. The table outlining the different scenarios is contained below.

*Table 2 indicating projected population growth (DBSA 2000)*

| | Projected population | |
|---|---|---|
| HPGR @ 2,21 % 2001 to2006 | 137,307 | 141,615 |
| LPGR @ 0,95% 2001 to2006 | 137,307 | 139,113 |
| HPGR @ 2,02% 2006 to 2011 | 141,615 | 145,991 |
| LPGR@0,31% 2006 to 2011 | 139,113 | 139,723 |

***HIV & AIDS INFECTION RATE ESTIMATES***




HIV & Aids infection rate has increased slightly but if you take it that 16 675 out of estimated population of approximately 145,991 are infected, then the measures taken to decrease the infection are having an effect. The total rate of infection for the DM as a whole is 18 % (JGDM HIV & AIDS Outreach 2012).

**POPULATION DENSITY**

The population density for Senqu Municipality is estimated at 16.12 persons per km squared (SDF 2011). The major population density is around Sterkspruit with around 93% of the total population living in the Sterkspruit sub-region (SDF 2011). This is due to the fact that this area is the former Transkei Homeland where Black Africans were forced to live under Apartheid. The less denser population areas are essentially commercial farmland. From a strategic perspective therefore it may be developmentally wise to focus higher level investment in housing, social and services infrastructure in this area as this is where there will most likely be optimum usage of resources, benefitting the greatest number of people.

The majority of the Senqu population reside in rural areas (86% based on the 2001 Census). This includes rural villages and farm households.

**CONCLUSION**

The implications of the population studies of Senqu indicate that we have a youthful population with low skills levels and high unemployment. The majority of the population live in rural villages and rely on social grants.

There is high migration to the more urban centres inside and outside the municipality for employment and educational opportunities. The high out migration to areas outside the municipality has an annual season with persons returning for the Easter and Christmas holidays. Persons also tend to return to the traditional areas when they are faced with illnesses that require high caring from relatives.

**MILLENNIUM DEVELOPMENT GOALS**

GOAL 1: ERADICATE EXTREME POVERTY & HUNGER

Target 1.A:
Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day

Although poverty is diminished due to the emergence of the various government grants; not all households are accessing the grants and employment is not increasing.

Target 1.B:
Achieve full and productive employment and decent work for all, including women and young people

This goal is not been met due to a decline in employment opportunities in rural areas. The municipality is trying to bridge the gap by teaching skills to workers in temporary employment programmes such as EPWP.

Target 1.C:
Halve, between 1990 and 2015, the proportion of people who suffer from hunger

This goal is being met due to the introduction of government grants

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 2.A:
Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Senqu meets this goal however there is a problem with earners not continuing with secondary and senior secondary schooling.

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER MENT

Target 3.A:
Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

For girls in some regions, education remains elusive and poverty remains a major barrier to education, especially among older girls. In addition the problem of teenage pregnancy adds to the problem

GOAL 4: REDUCE CHILD MORTALITY

Target 4.A:
Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

Child deaths are falling, but not quickly enough to reach the target. Revitalizing efforts against pneumonia and diarrhoea, while bolstering nutrition, could save millions of children

GOAL 5: IMPROVE MATERNAL HEALTH

Target 5.A:
Reduce by three quarters the maternal mortality ratio

This is being met due to the primary health programme run by the Department of Health.

Target 5.B:
Achieve universal access to reproductive health

More women are receiving antenatal care.

GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASE

Target 6.A:
Have halted by 2015 and begun to reverse the spread of HIV/AIDS

The spread of HIV appears to have stabilized in most regions, and more people are surviving longer

Target 6.B:
Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it

The use of anti-retovirals and access to them at all clinics has helped towards meeting this goal.

Target 6.C:
Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Malaria is not a problem in the region but the knowledge and treatment of TB remain a challenge.

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7.A:
Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Target 7.B:
Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

The municipality is attempting to achieve the above 2 targets but due to limited resources and lack of personnel it faces great difficulty.

Target 7.C:
Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation

The municipality is on track to meet this target.

Target 7.D:
By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

The municipality is achieving this through the building of several 100 houses in conjunction with the Department of Human Settlement.

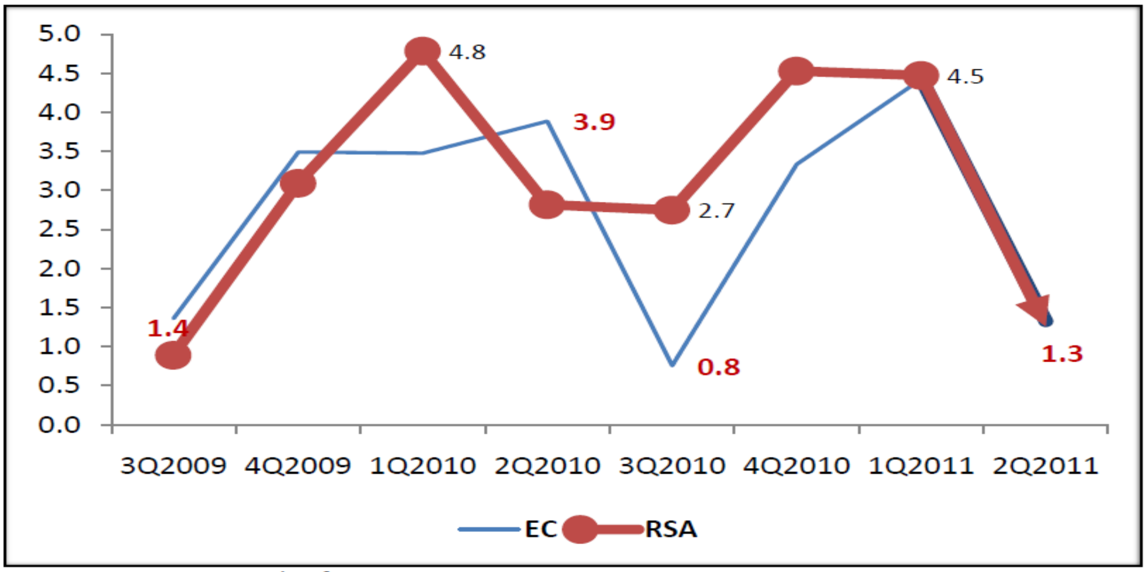
GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

This is an international goal and can only be done by National government.

# CHAPTER THREE: SOCIO – ECONOMIC AND LED ANALYSIS

## INTRODUCTION

South Africa's post economic domestic economy as seen in the Figure below has a M shape which indicates that the economy is unable to sustain growth (ECSECC,Aug 2011).

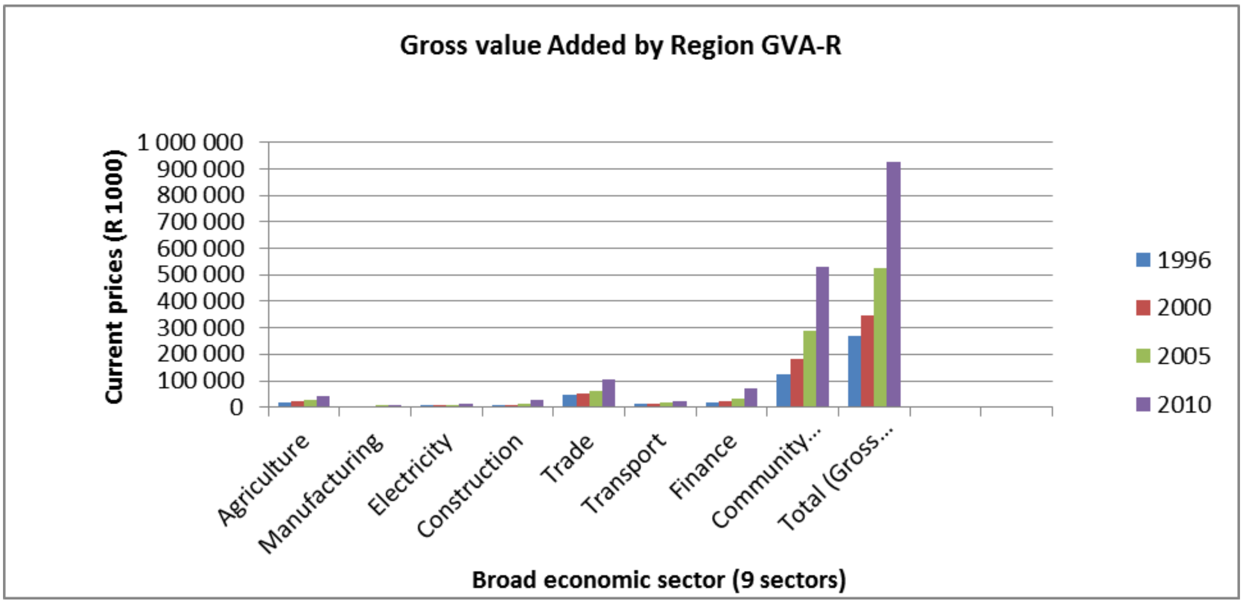


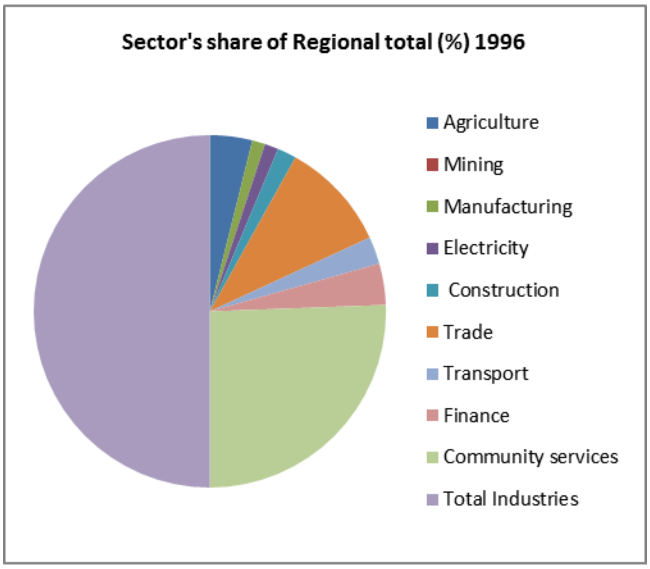

Source: Statistics South Africa, 2011

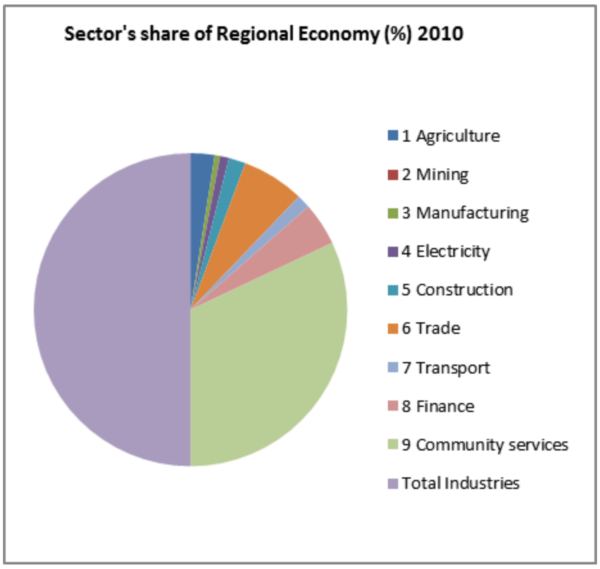
The Eastern Cape's economy is also affected by the same ills with the seasonally adjusted real GDP at market prices slowed by an annualised rate of 1.3 % but year on year it has had the lowest growth in the country at only 2.4 %. This decline was mainly driven by poor performance in agriculture, mining and manufacturing activities which reflected negative growth (ECSECC Aug 2011). In contrast to the decline in the primary and secondary sectors, the tertiary sector experienced a noticeable expansion (ECSECC, Aug 2011).

The Senqu main economic sectors are community services which is essentially government employment followed by trade, finance and then agriculture. Just like the Eastern Cape economy Senqu has seen a decline in agriculture and a growth of community services as well as a decrease in growth rate (Global Insight, 2010). This is illustrated in the charts below.

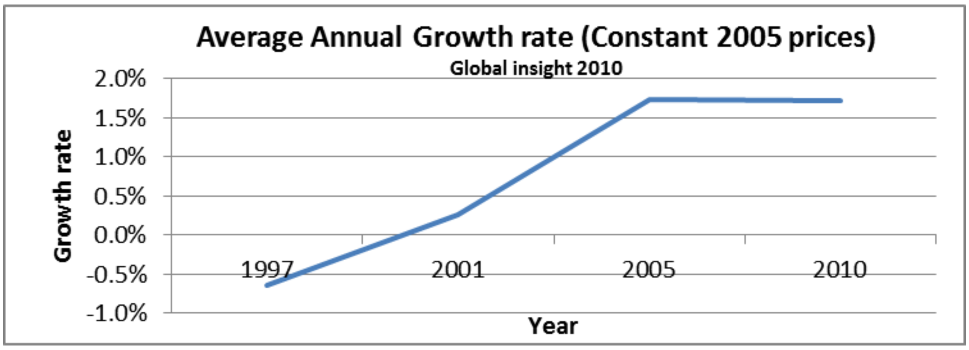
Chart 1: GVA-R: Global Insight 2010



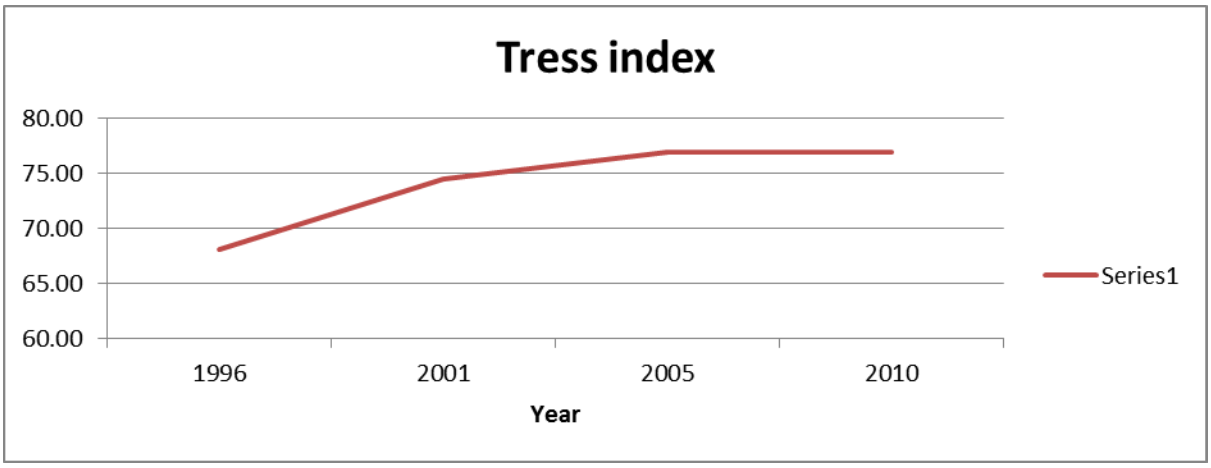

*Global insight 2010*




Annual growth rate of 1.3 % from 1996 to 2010 (Global insight)

The Tress Index which indicates the level of diversification in an economy shows that the economy of Senqu Municipality is becoming less and less diverse. The closer an economy is to 100, the less diverse it is. It is the weakness of the Senqu economy that it over reliant on a few sectors.

Chart 2: Tress Index




Global insight 2010

## COMPARATIVE & COMPETITIVE ADVANTAGES

Within the Government sector there is limited opportunity for growth and no real sustainable wealth creation for people who live in the Senqu area. In the community/social and other personal services, again there are limited opportunities for growth and no sustainable wealth creation. These two sectors rely on people being employed usually by the state, but they as institutions or sectors themselves, they do not create significant spin-offs that will lead to the area prospering.

Comparative Advantages

The Agriculture/forestry sector does have significant growth potential. Moreover, with the investment by Steinhoff International into the Ugie area of Elundini Municipality, there is likely to be economic spin-offs whether directly or indirectly and growth in the area, growth in the GGP and increased confidence in the economy (LED Strategy 2007). As a result, the municipality is focussing on developing the commonages and working with the Department of Rural Development and Agrarian Reform to develop the skills and facilities available to emerging farmers.

Competitive Advantages

Senqu Municipal area is becoming one of the largest (if not the largest) wool and potato producer in the district as well as the province, and the processing of these products could add economic value to the district area. Unfortunately this sector is also highly sensitive to market trends, and productivity. Processing remains a challenge as products are still taken outside the district and even the province to be processed.

The Trade/Catering and Accommodation sector also has good potential for growth. With the improved road linkages and possible changes to the macro level transport routes there will be an opportunity for trade and the catering/accommodation sector to grow. There is still a relatively untapped tourism market and areas of unspoilt natural beauty, coupled with a variety of leisure and recreation facilities and historic value. The Tourism Officer is working on stimulating the growth of community tourist and local tourist organisations to promote tourism and linkages between the various tourist products available. The most active tourism node is that of mountain tourism. Tiffendell ski resort forms a key pin within this sector. There are linkages to the Rhodes, Barkly East, Maclear, Ugie and Lady Grey areas. This node tends to be seasonally active. There is strong winter adventure tourism as well as Christmas and Eastern activities (SDF, 2011).

**Institutionally.** The municipality is well served by a strong agricultural forum which is active in all farming matters. Unfortunately the municipality does not have any active business chambers and is working on rectifying the situation. This will mean assisting with the formation of a business chamber that will enable the municipality to develop strategies that will retain existing businesses and attract further businesses. Currently the municipality is looking at offering rates decrease to the business sector.

The LED forum and the LTO are not operating effectively at the moment and the municipality is investigating methods of resolving the issues which hinder the smooth operating of these forums.

### EPWP, CWP & ENTERPRISE DEVELOPMENT

EPWP & CWP programmes are operated very effectively in the municipality. Look at Chapter 4 for more detail.

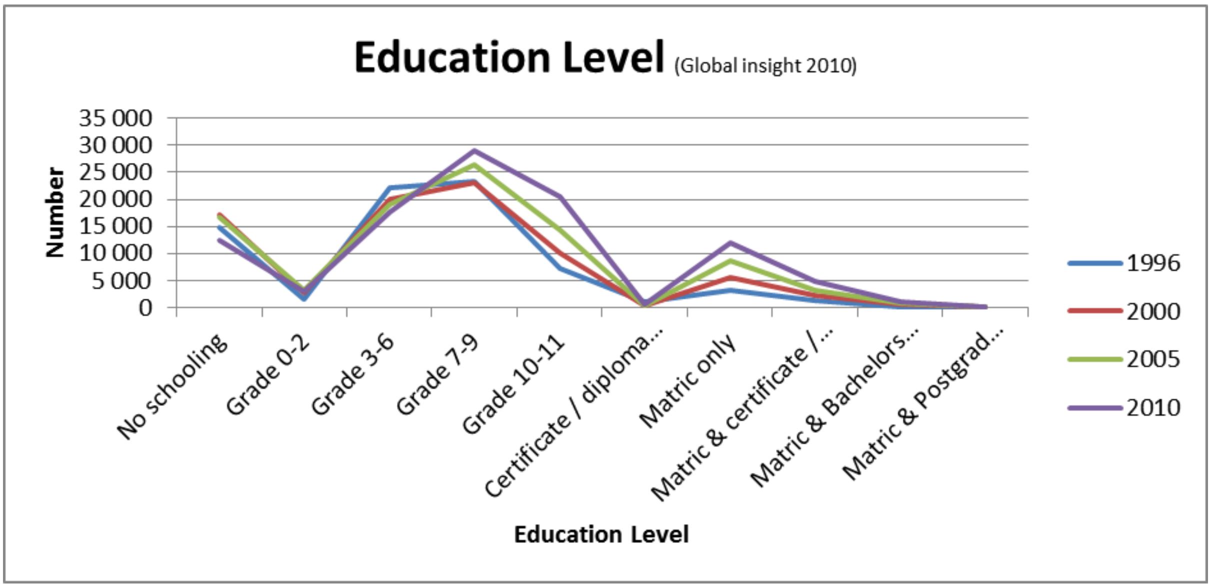
Enterprise development is however struggling as SMME's and Co-operatives struggle to become financially viable. The municipality continues however to support these iniatives through its supply chain management policy.

## ECONOMIC OVERVIEW

### SKILLS AND EDUCATION LEVELS

In general, skills levels are low, with the majority of residents reliant on government/community services for employment or primary economic activities such as agriculture.

About 39% of Senqu Municipality workforce is made up of elementary or unskilled workers, the largest percentage in the District. Senqu Municipality has low levels of senior management and technical staff, 3% and 4% respectively. This corresponds with low levels of educational facilities in that area, and indicates a need for skills development and education programmes. SLM has the second lowest levels of education behind Elundini Local Municipality in the District, with 58.85% of the population having only received a primary school education. SLM area has 153 schools of which 68 are Primary, 17 are Secondary, 63 are Combined and 5 are ECD. SLM has the lowest levels of education, with 47% of the population having only received a primary school education as can be seen in the chart below. There is only one tertiary education facility (FET College) in the Municipality.




**EMPLOYMENT RATES**

The Eastern Cape has the second highest unemployment rate (28.9 %) in the country and the second highest percentage of job losses (1.2%) (ECSECC, Aug 2011). This means that only 2 out of every 10 people in the province are employed. In fact for every person employed in the province, there are 7 discouraged work seekers. This is because there is a labour force absorption rate of 31.4 % (ECSECC, Aug 2011)

Data from the 2007 Community Survey indicates that the average unemployment rate of the Senqu Municipality is 16 %. This only includes people that are actively searching for work. The percentage of people who are unemployed but not looking for work is 65%, compared to 54% for the district and 48% for the province.

## HOUSEHOLD INCOME and POVERTY LEVELS

Data from the Community Survey 2007 indicates that 50.25 % of the population earn no income and that a further 21.39% earn between R 1 and R 1 600 per month. This is compared to 50.58 % of the district population with no income and 59.34 % of the provincial population with no income. This has implications with regard to affordability of services and the sustainability of these services. Many people are dependent on social grants.

71.4% of the Senqu population earn no income of between R 1 and R 1600 per month, compared to 74.51 % of the population of the district and 81.4 % of the province (Statssa, 2007). This poor socio – economic situation is further exacerbated by the high dependency ratio of 161:100 which means that for every 100 economically active people, there are 161 people who are dependent. The HDI and Gini coefficient also indicate the poor socio-economic conditions which exist in Senqu.

| **Human Development Index (HDI)** (Global insight 2010) | | | | |
|---|---|---|---|---|
| | 1996 | 2000 | 2005 | 2010 |
| African | 0.39 | 0.40 | 0.42 | 0.42 |
| White | 0.83 | 0.83 | 0.81 | 0.84 |
| Coloured | 0.45 | 0.43 | 0.46 | 0.49 |
| Total | 0.41 | 0.41 | 0.43 | 0.44 |

| **Gini coefficient** (Global insight 2010) | | | | |
|---|---|---|---|---|
| | 1996 | 2000 | 2005 | 2010 |
| African | 0.54 | 0.58 | 0.59 | 0.55 |
| White | 0.59 | 0.54 | 0.49 | 0.42 |
| Total | 0.57 | 0.59 | 0.61 | 0.57 |

## LED STRATEGY

The municipality does have a LED strategy which was adopted in August 2007. A new strategy is being developed but unfortunately due to funding constraints will not be completed for the adoption of the draft IDP. The Municipality has an LED Unit which is based in the Department of Integrated Planning and Economic development. The Unit has 1 LED Officer, 1 Tourism Officer, 1 Poverty Alleviation Officer and an unfilled Enterprise Development Officer post. In future the Unit will contain a LED Manager and an Agricultural Officer.

The 2007 strategy had the following strategic objectives

- To grow the local economy to achieve a minimum of 3, 5% pa by 2012;
- To increase the level of employment from 30, 4% to 47, 8% by 2012;

- To reduce the number of impoverished households from 45, 1% to 33, 8%;
- To grow and transform the tourism and agriculture sectors thus ensuring that 25% of businesses in these sectors are owned by previously advantaged individuals and communities by 2012;
- To contribute to the expansion of the local tax base thus growing the municipal revenue base from 30% to 45% by 2012.

To achieve the strategic objectives, four (4) strategic priority focus areas or strategic development thrusts have been identified as indicated below:

| Strategic Development Thrusts | Unpacking Thrusts |
|---|---|
| **Local Area Development** | Developing the physical area of Senqu to be an attractive destination to *invest-in*, *do business*, *visit, work and live in*! |
| **Institutional Development** | Developing the appropriate institutional capacity *to lead LED*, *facilitate LED*, *executive economic improvement initiatives* and *support LED*! |
| **Enterprise Development** | Supporting *existing businesses* to improve their profitability (competitiveness) and increase the number and viability of *new business start-ups* of all kinds! |
| **Economic Diversification** | Supporting existing *tourism and agriculture businesses to improve their profitability* (competitiveness) and increase the establishment of *new viable enterprises* in these priority sectors. |

**IMPLEMENTATION**

The LED strategy was not implemented fully due to the fact that its entire implementation thrust was based on the premise of the development of a development agency. This has proven not to be financially viable for the municipality which is why the whole concept and strategy are being reviewed.

The new strategy like the old strategy is being developed with the assistance of stakeholder groups. It will contain the New growth Path's job drivers of

**Substantial public investment in Infrastructure** to create employment directly in construction, operation and maintenance as well as the production of inputs and indirectly by improving efficiency across the economy

**Targeting more labour absorbing activities** across the main economic sectors – agriculture and mining, value chains, manufacturing and services for employment and development

**Seizing the potential of new economies** like the knowledge and green economy

**Leveraging social capital** in the social economy and the public service

**Fostering rural development** through infrastructure, agriculture and tourism (NGP 2011:36).

In addition the municipality will look at how it can assist national targets like;

- Create 250 000 jobs in infrastructure
- Create jobs in main economic sectors -300 000 in agricultural smallholder schemes, 145 000 in agro processing by 2020, upgrade conditions for 660 000 farm workers
- Create 300 000 jobs in new economies
- Invest in social capital and public services
- Spatial development – provide public infrastructure and housing

**CONCLUSION**

The LM's lack of annual growth has resulted in an unprecedented high unemployment in the Senqu area with high dependence on government grants. This coupled with access to basic household and Community services which is below optimal creates tension amongst communities who compete for relatively scarce resources. Therefore it becomes absolutely crucial that the municipality creates conducive conditions for job creation, participation in agricultural activities by availing land for development.

Businesses are not growing as SMME's as they do not receive strategic support from government institutions. Areas for great concern are centred around food security and land reform. The tourism sector is underdeveloped and needs strategic intervention to revive and contribute to the local economy meaningfully. In this regard a responsible tourism sector plan has to be developed which could provide direction to optimise the potential that exist in the area. Agriculture remains central to the development of the area. However it has to be done in conjunction with other programmes. Land administration and town planning seem to have been relegated to the background of the municipal priorities. This approach does impact negatively on the development trajectory of the municipality.

**KEY DEVELOPMENT CHALLENGES**

- Low literacy rate associated low economic growth and high unemployment rate. There is a huge problem associated with access to basic household/community needs. Consequently there is a high incidence of alcohol and probably drug related violence.

- With limited resources the municipality is faced with making hard choices which in many instances affect budget allocations to local economic development iniatives

- Absence of any strategic document to guide Local economic development decision making invariably impact negatively on delivery of services, in particular, the emerging businesses.

- Access to land for varied uses is a huge challenger to the extent that residents ignore court rulings and continue to erect illegal structures on invaded land portions indiscriminately. Any LED iniatives must therefore also consider matters affecting land uses.

# CHAPTER FOUR: SERVICE DELIVERY LEVELS

***MUNICIPAL POWERS AND FUNCTIONS***

| Power & Function | Senqu's Capacity | Responsible Department |
|---|---|---|
| Air Pollution | The municipality has no financial resources to develop an air quality plan or engage specific staff for the function | Community Services |
| Building Regulation | The Municipality has engaged a building inspector but currently has limited resources to engage personnel and ensure implementation of by laws | IPME |
| Child care facilities | The Municipality is in the process of ensuring that current facilities meet minimum health and safety requirements | Community Services |
| Electricity and gas reticulation | The municipality only has the power to supply electricity within the urban areas. The rural areas are supplied by ESKOM | Technical Services |
| Fire fighting Services | The Municipality has the function but not the capacity to fulfil the service which is why the District Municipality provides fire fighting services on its behalf | Community Services |
| Local Tourism | The municipality promotes local tourism in the region and the activities of local tourism organisation | IPME |
| Municipal Airports | The Municipality has no designated airports anymore | |
| Municipal Planning | The Municipality has an IDP and SDF which is reviewed annually | IPME |
| Municipal Health Services | The Municipality only controls waste management as the District Municipality is responsible for food control, water quality, chemical safety, communicable disease | Community Services |

| Power & Function | Senqu's Capacity | Responsible Department |
|---|---|---|
| | control, vector control, environmental pollution control, disposal of the dead and control premises. This is because the District Municipality has the capacity as these areas form part of the Environmental Health Practitioners scope of work. The municipality may only license a food premise after the District provides a permit indicating that the premise meets the standards required | |
| Municipal Public Transport | The municipality does not have this function as it does not operate any public transport and the District Municipality has the power to regulate passenger transport services | |
| Pontoons, ferries, jetties, piers and harbours | The municipality is not on the coast | |
| Stormwater management systems in built up areas | The municipality has the power and function | Community Services & Technical Services |
| Trading regulations | The municipality fulfils this function through various by laws | Community Services |
| Potable water and sanitation services | The municipality operates and maintains the water and sanitation system in urban areas as a WSP | Technical Services |
| Beaches and amusement facilities | The municipality has no beaches but maintains its public spaces | Community Services |
| Billboards and display of advertisements in public places | The municipality has by laws to regulate this activity but due to limited resources struggles to enforce them | Community Services |
| Cemeteries, funeral parlours and crematoria | The Municipality licences these premises once the District Municipality issues a certificate of compliance | Community Services |
| Cleansing | The municipality regularly cleans streets and public spaces within the urban areas as it lacks capacity and resources to do so in rural areas | Community Services |

| **Power & Function** | **Senqu's Capacity** | **Responsible Department** |
|---|---|---|
| Control of public nuisances | The Municipality has by laws pertaining to this function but lacks the capacity to enforce by laws | Community Services |
| Control of undertakings that sell liquor to the public | The Municipality has by laws pertaining to this function but lacks the capacity to enforce by laws | Community Services |
| Facilities for the accommodation, care and burial of animals | There are no pet cemeteries or kennels in the municipal area | |
| Fences and fencing | The Municipality ensures that public areas are fenced and safe and has by laws around fencing of properties | Community Services |
| Licensing of dogs | The municipality does not license dogs but has by laws pertaining to the keeping of domestic pets | Community Services |
| Licensing and control of undertakings that sell food to the public | The District Municipality monitors the premises and issues certificates of compliance after which the Municipality may license the premise | Community Services |
| Local Amenities | The Municipality ensures that places are kept clean and mown and that community halls are functional but lacks the financial resources to ensure that all areas of scenic, natural, cultural and historical value and interest are well maintained | Community Services and IPME |
| Local sport facilities | The Municipality maintains municipal owned sport facilities in the urban areas | Community Services |
| Markets | No markets exist in the municipal area | |
| Municipal abattoir | The Municipality does not own any abattoirs and the District Municipal Health services are responsible for ensuring that abattoirs in the area maintain hygiene standards | |
| Municipal parks and | The Municipality ensures that places are kept | Community Services |

| Power & Function | Senqu's Capacity | Responsible Department |
|---|---|---|
| recreation | clean and mown. | |
| Municipal roads | The Municipality does try to build and maintain municipal roads but due to decades of neglect the financial resources are insufficient to meet the demand | Technical Services |
| Noise pollution | The Municipality lacks the resources to monitor noise pollution but there are by laws | Community Services |
| Pounds | The Municipality does operate some pounds but due to limited financial resources fails to keep all animals off the road | Community Services |
| Public places | The municipality does own commonages around the urban areas but struggles to enforce livestock management or prevent land invasion due to limited human and financial resources | Community Services |
| Refuse removal, refuse dumps and solid waste disposal | The Municipality does do refuse removal in urban areas but due to financial and human resource constraints fails to adhere to all waste management site regulations | Community Services |
| Street trading | The Municipality has by laws pertaining to the function but has limited capacity to enforce the by laws | Community Services |
| Street lighting | The Municipality provides street lighting in urban areas but still has a high backlog in new housing development due to financial constraints and the age of the network | Technical Services |
| Traffic and parking | The Municipality has limited capacity to control traffic within its area but does provide a drivers licence testing facility | Finance |

## SPATIAL ANALYSIS AND RATIONALE

### Settlement Patterns and nodes

Senqu Local Municipality is predominantly rural with a large proportion of people residing in traditional villages and

traditional homes.

The prevalence of extensive farming in the district historically resulted in the formation of service centres, i.e. Barkly East and Lady Grey along the main transport routes. These urban centres offer services and retail facilities to the surrounding rural hinterland. Sterkspruit is a rural service centre serving the surrounding rural area and also some residents from Lesotho.

With urban settlement growth there is also a need to improve the central business districts of these areas so that they can enable growth (usually retail and manufacturing).

As Sterkspruit town has the highest level of economic activity it is classified in the SDF as a secondary urban node. In the JGDM SDF it is also recognised as an important node although not as large as its counterpart Aliwal North in Maletswai. About 83% of the municipality's population lives in the area and its surrounding villages. Sterkspruit, therefore, plays a vital role in providing higher order services and retail facilities, not only to the resident population but also to the surrounding rural communities. Both the JGDM and Senqu SDF recommend that this centre be prioritised and attention given to improving infrastructure and services in the area as well as:

- Improved accessibility
- Land Use management and administration
- Managed expansion of urban areas
- Sustainable human settlement (with a range of housing options, infrastructure upgrade, social and economic amenities)
- Environmental Management

Barkly East and Lady Grey are regarded as Minor Urban Centres where the focus should be on:

- Managing and limiting urbanization
- Focus on in-situ upgrades
- Infrastructure upgrade and maintenance
- Environmental Management
- Urban Aesthetics

Rhodes is seen as a Tertiary Node where the spatial perspective focus should be on:

- Limiting urbanization
- Infrastructure upgrade and maintenance

- Urban Aesthetics

Rural Settlement Nodes: In order to have effective and efficient service delivery, it is important to define a hierarchy of rural settlements. Higher order rural settlements are settlements with higher population densities and accessible to other settlements. It is in these settlements that higher order services such as clinics, police stations, secondary schools, storage warehouses etc should be focused.

Higher Order Rural Settlement Node: Level 2 Nodes are nodes that will attract priority public sector investment in order to build capacity and develop these areas into service nodes

The following nodes have been identified as nodes in the Senqu area:

- Ndofela
- Qhoboshane/Telle
- Hillside
- Herschel

Lower Order Rural Settlement Node: Emphasis should be on the provision of basic infrastructure to unlock the latent development potential of these areas by creating linkages and facilitating access to and from these areas (SDF 2011).

The Senqu area is characterised by high residential densities in the rural settlements situated on the northern periphery and the low densities in the other dispersed rural clusters. The settlement pattern is a typical example of urban sprawl (HSP 2011).

**HUMAN SETTLEMENT**

The housing backlog in the Senqu municipality is determined as 10 761 with 1 752 in the urban area and 9009 in the rural area (Housing Sector 2007). There are no military veterans on the Department‘s database for Senqu. The quantified housing demand based on information from the 2001 Census, 2007 Household survey and DWA Structure count , can be summarised as follows:

| Rural | Social & Rental | Informal Settlements | Child headed households |
|---|---|---|---|
| 8340 | 381 | 1 641 (3200) | 566 |

(Statssa, 2007)

The table above does represent a true picture of the informal settlements in the area. (HSP 2011). The number of child headed households from the 2007 probably overstates the amount but it is a good indication.

**Land Tenure and demand for land**

Senqu Municipality has communal land in the former Transkei situated around Herschel and Sterkspruit, bordering on Lesotho. The land tenure in this area is a mixture of freehold, quit rent and PTO. Land tenure and rights in this area have traditionally been vested in traditional authorities with the Department of Agriculture distributing PTO's.

The rest of the area is either freehold tenure in the former RSA towns or commercially owned farmland. 1712 ha are under communal tenure and 5000 under commercial farmland (JGDM ABP 2010)

The major challenges experienced in the area are land invasions of municipal owned or state land. This is due to lack of land being offered for sale and people being unable to afford land but wishing to be closer to prospective employment and urban amenities in the urban areas of Barkly East and Lady Grey. In the smaller rural hamlets of Rhodes, Rossouw and Herschel people are invading land and building informal settlements in order to move closer to urban amenities or receive housing with freehold tenure especially farm workers.

The area based plan of the District 2010 states that land needs for arable land and grazing have decreased in rural areas to that of residential sites. Farm workers are looking for security of tenure and land tenure in communal areas is needed to bring clarity and certainty of land rights where they overlap and where women's rights need to be firmly established. In urban areas the need is for residential sites and services and informal settlements need upgrading and tenure security (JGDM ABP 2010).

**Land Redistribution**

Land in South Africa is being redistributed through PLAS (Proactive Land Acquisition Strategy). This means that the state proactively looks for suitable agricultural land, buys it and then leases it to identified beneficiaries for a few years until it is satisfied that they can run the land effectively. In order to meet the land redistribution target of 30 % by 2014 ; 166 000 ha will need to be redistributed at 33 000 per annum at a total cost of R 83 million if the price remains at around R 2500 per hectare (JGDM ABP 2010). However the ABP clearly states that an emerging

farmer will only succeed if the farm contains both mountain and low lying ground which means that the redistribution should be carefully considered in Senqu and then the figure would decrease as it includes all farmland.

The redistribution programme will also only succeed if the Department of Rural Development and Land Reform DRD & LR) second 3 staff to the local municipality' to run the programme and form a local municipal land reform committee. In addition the Department must look at the variety of land needs and tenure and formulate appropriate responses,

The ABP advocates redistribution occurring along the R 58 and tenure reform around the R 392 where there are immense struggles created by overlapping land rights. This affects development in the area as much time is spent trying to ascertain who the land belongs to. An example of this is a housing project is Herschel where for 4 years the project has been delayed due to land rights disputes.

**Land invasions and administration**

Land invasions as previously mentioned are becoming increasingly prevalent especially in Sterkspruit and Herschel. The municipality is therefore in the process of improving its current land by laws and engaging legal persons to serve notice on all land invaders. Signs warning against land invasion have been erected.

**Migration**

About 84 % of people in Senqu lived in the same dwelling for at least 5 years before the 2007 Survey. Almost 5 % had moved into their dwelling in the previous 5 years (HSP 2011).

Most of those who had moved, moved from another location in the Eastern cape province. About 627 people moved from Gauteng to Senqu and 205 moved from the North West Province. 175 of the people moving into Senqu came from outside of South Africa.

**Settlement Type**

Almost 80 % live in tribal settlements and 6.2 % on farms. Just over 10 % live in urban settlements and 3.7 5 in informal settlements (Statssa, 2001). 14.3 % live in urban areas and 85.7 % in non urban areas (Statssa, 2001).

**Informal settlements**

There are approximately 280 informal settlement structures in Barkly East, 20 in Rhodes and none in Rossouw. There are approximately 2 900 functionally urban rural settlement households on the outskirts of Sterkspruit (HSP 2011).

**Capacity to manage Housing Delivery**

Operational policies and procedures are non-existent, a huge risk in this regard relates to the turnover of staff, where new staff do not have operational processes to follow. There is therefore no continuity in the level of service offered by staff. There are also no business information systems to support the efficiency required in the housing development value chain. Operational process manual needs to be developed in order to map out the various processes to cover strategic planning and performance management, housing development and management and beneficiary administration. Automated business information system is needed to enable the housing unit to become efficient and to hold credible information. The relevant modules of HSS can be acquired from the Province.

**Land potential and constraints**

It is envisaged that preliminary and detailed feasibility assessment of both land and infrastructure potential will in future form part of the project readiness assessment before capital funding is allocated. With further review and refinement of the HSP, information should be acquired to enable yield calculations on strategic land parcels.

The procedures for accessing communal land for future development are guided by the Interim Protection of Informal Land Rights Act. Once a community resolution has been obtained, it is the responsibility of the Department of rural Development and Land Reform to issue formal authorisation for the release/ transfer of land. These processes are both time consuming and costly with many examples of the process never reaching a conclusion. The normal willing buyer/willing seller or alternatively expropriation procedures (with compensation) apply when accessing privately owned land for settlement development or municipal commonage purposes.

**Analysis of Housing need**

Around 10 7771 households in Senqu presently live within rural, rental or informal structures and earn below R 6400 per month per household. It is realistic to assume that this represents an indication of the number of households that are eligible (from an income perspective) for a housing grant in terms of available housing delivery instruments. Of the 10 771 households, 10 287 or 95 % earn below R 3 200 per month representing the number of households that qualify for the full subsidy amount available from the Department of Human Settlement. The overwhelming majority (60%) households reside in brick structures. Aside from the indication that urbanisation is occurring , the towns also appear to be providing space for temporary residents as indicated by the apparently increasing number of rental accommodation uses in the form of rental rooms and flats. The presence of 381 households presently residing in informal flats and or rooms in backyards indicate that there is a clear demand for rental accommodation provision in the urban areas of the municipality. Although the demand is

small, it still exists and options must be investigated between the private sector and municipality. The 1 272 households currently residing in informal settlements clearly indicate a demand for informal settlement upgrades or rental housing (in cases where occupants of shacks are using the shack as temporary accommodation as opposed to being homeless. From a dot count using 2009 DWA information, the number of informal structures counted in BE is 280 and 20 in Rhodes. The rural settlements round Sterkspruit have shown significant densification due to influx into the urban areas with large number of informal structures being erected. It is estimated that 2900 structures require formalisation

**Land requirements for future development**

Rural settlements being existing are not requiring more land. Social and rental housing should ideally be accommodated on underutilised land parcels central to the urban areas with good success to existing social and infrastructure facilities and services. Feasibility assessments will be required to determine the potential for in-situ formalisation of informal settlements. The alternatives for responding to the needs of child headed households needs to be considered before the need can be determined.

**Challenges**

- **Demand for land.** There is a huge demand for middle to lower income houses in Lady Grey, Barkly East and Sterkspruit yet no land is demarcated and available for future development in these areas. The available sites are not serviced. In addition much of the land for development falls outside municipal boundaries and under the jurisdiction of traditional authorities with communal land tenure. The municipality is busy negotiating with traditional authorities to include all the surrounding villages into Sterkspruit municipal boundaries as part of the Neighbourhood Development Grant.
- **Land invasions.** Land demarcated for future development especially in Sterkspruit is often invaded by persons from villages outside Sterkspruit seeking to be closer to town
- **Beneficiaries**. On completion of projects many houses can't be handed over due to beneficiaries either relocating or dying. Beneficiaries who die without leaving a will create problems as the municipality then has to decide which family member is entitled to the house. In addition some persons fraudulently receive RDP houses to which they are not entitled too.
- **Vandalism.** Many RDP houses are vandalised before the project is complete
- **Shoddy workmanship**. Contractors either do not have the skills to undertake the project or under quote which leads to projects taking many years to complete and then houses have to be rectified
- **No integration of settlements**. Housing developments are planned without future growth in mind like schools, clinics and churches
- **Errection of illegal shelters**. House owners continue to build squatter shacks in their back yards.
- **Illegal usage of RDP houses**. Many house owners illegally rent their houses out or sell them which results in the growth of many spaza shops.

- **No fencing provided for houses.** RDP houses do not cater for fencing with the result that roadside fences get stolen for this purpose.
- **Overlapping land rights** create delays in development which is the case in Herschel where a housing project has been delayed from building over 100 houses due to a 4 year land claim dispute.
- **Unfiled building plans.** Land owners just build according to their wants without consulting the municipality
- **Disaster Houses.** The municipality is not responsible for disaster but finds that many of the reported structures do not get fixed by the District.

**Interventions**

**By law enforcement.** The municipality is in the process of restructuring some bylaws to prevent land invasions and the building of illegal structures without building permission.

**Densification**. Neighbourhood development grant. The municipality is working with service providers to densify Sterkspruit by amalgamating it with the surrounding villages and increasing the current municipal boundaries. This will take some time as the land belongs to traditional authorities.

**Private partnerships** whereby developers buy land parcels and survey and develop it for middle income buyers.

**Projects**

The Departments overall project list reflects the following projects for Senqu Municipality.

| Description | Subsidies | Approval date |
|---|---|---|
| **Herschel – Orangefontein** | 200 | 29 Sept 95 |
| **Barkly East** | 511 | 01 Aug 1997 |
| **Lady Grey PHP** | 1000 | 20 Feb 2001 |
| **Herschel- R/land Ph 2** | 7000 | 30 November 2001 |
| **Lady Grey Hillside** | 603 | 29 July 2004 |
| **Lady Grey Existing Houses** | 50 | 26 April 2007 |
| **Lady Grey Hillside** | 397 | 27 June 2008 |
| **Barkly East** | 802 | 13 July 2009 |
| **Rhodes rectification** | 25 | 13 July 2009 |
| **Lady Grey Edgar** | 194 | 28 August 2009 |
| **Lady Grey Edgar** | 194 | 28 August 2009 |

| Description | Subsidies | Approval date |
|---|---|---|
| **Lady Grey Edgar** | 194 | 28 August 2009 |
| **Barkly East** | 802 | 30 September 2010 |
| **Rhodes** | 250 | 15 July 2011 |

**Future Projects**

| WARD | FINANCIAL YEAR | NUMBER OF UNITS |
|---|---|---|
| 16(RHODES) | 2012/13 | 200 |
| 17(ROSSOUW) | 2012/13 | 100 |
| 8 | 2013/14 | 1000 |
| 10 | 2013/14 | 1000 |
| 9 | 2014/15 | 1000 |
| 17 | 2014/15 | 1000 |
| 18 | 2015/16 | 1000 |

## HEALTH SERVICES

### Current situation

Senqu Municipality has 3 hospitals, 14 clinics, and a few health care centres around its area of jurisdiction. A large number of people in Senqu remain without access to healthcare, as there are few mobile services in the areas of Sterkspruit due to the dilapidated state of our roads infrastructure. .

### Challenges

- **Poor infrastructure -** roads, water, sanitation, electricity, communication, health care buildings, health care equipment, nurse accommodation
- **Inadequate budget**
- **Inability to attract and retain** health professional staff. There is a high number of staff vacancies
- **Inadequate Mobile services**

- **No 24 hour PHC facilities**
- **Poor quality of service delivery –** long queues and demotivated, overworked and uncaring staff - drugs and essential clinic supplies not available
- **Inadequate emergency services**

**Interventions**

- **Committed** Professional staff
- **Good community participation** structures do exist
- **Good policies and procedures** around health care
- **Improvement in key health statistics** over the past 5 years
- **Introduction of VCT, PMTCT and ART services** is occurring across the municipality

***TELECOMMUNICATIONS***

**Current situation**

Although most communities have access to telecommunication either in the form of land lines or cell phones, there are still those communities that still cannot access these facilities because of their location that cannot receive the signals due to the fact that they are behind the mountains.

**Interventions**

The municipality has written to Sentech, all the cell phone companies and the SABC to ask for more radio, TV and cellphone towers to be built in these areas.

## *PUBLIC AMENITIES & COMMUNITY FACILITIES*

### SPORT AND RECREATION FACILITIES

**Current situation**

The Municipality has no proper sport and recreation facilities except those located in the main towns. Even those in towns need upgrading. Lady Grey, Sterkspruit and Barkly East have facilities that have been built but the ones in Sterkspruit and Barkly East need to be completed as they are beginning to be vandalized. With the high percentage of youth in the population make-up it is essential to provide sports and recreation facilities.

**Interventions**

The Municipality has put in floodlights in Lady Grey and is also engaged in a programme funded by the German government which promotes sportsfield development in rural areas. In addition the allocated 15 % of MIG funds will be utilised for building more rural sportsfields.

COMMUNITY HALLS

**Current situation**

Under the old ward demarcation, there was a hall in each ward. However 3 new wards have been added and the boundaries have changed which means that halls are no longer centrally located. Communities would like more halls and pay points to be built. Rhodes has no community hall and the hall in Rossouw is currently being used as a school. There is a Thusong Centre, formerly known as MPCC, located in Sterkspruit that houses various government departments.

**Interventions**

Some of the halls are not accessible to the communities as there is no clear-cut policy of utilization and accessibility. This is however being developed and implemented by the Department of Community Services. The department is also busy ascertaining where new halls have to be built in the newly demarcated halls.

MIG funding has been set aside to build more halls.

LIBRARIES

**Current Situation**

There are libraries in Lady Grey, Barkly East and Sterkspruit and satellite libraries in Rhodes and Rossouw. The municipality runs this service as an agency function for the Department of Sports, Arts and Recreation. More funding is however required for this service to fulfil the demand of school and university learners.

***SAFE & SECURE ENVIRONMENT***

**Current Situation**

The Municipality is promoting the use and development of community police forums to solve crime in rural areas. The use of drugs is increasing in these areas according to community forums.

### Interventions

The SAPS has been approached regarding the high levels of crime and they are looking into the possibility of increasing the number of satellite stations in the area.

***WASTE MANAGEMENT***

### Current Situation

The Municipality has waste sites in Lady Grey, Barkly East, Sterkspruit, Rhodes and Rossouw. However refuse removal is only operated in Barkly East, Sterkspruit, Rhodes and Lady Grey on a weekly basis. Only 11.2 % of households were served in 2007 and the percentage of unserviced households increased from 17.2% in 2001 to 22.6 % in 2007 (Statssa, 2007).

The municipality is struggling to meet all the legislation pertaining to the management of waste sites. Sterkspruit generates the largest amount of waste of about 4 853 T pa with Lady Grey following at 2914 T pa and then Barkly East at 2485 T pa.

The Sterkspruit waste site is reaching the end of its life cycle and the municipality has identified a site in the nearby village of Silindini. However the site is on communal land and processes have to be undertaken to procure the land as municipal property. Umhlaba consultants are busy with the process and that of integrating the villages surrounding Sterkspruit into municipal boundaries. The site has an incinerator and all waste is burnt whether or not it can be recycled. The Municipality is experiencing severe problems with illegal dumping by shop owners on the street and by community members outside the town borders.

In Barkly East the incinerator also burns all waste but the site has a problem trying to keep human and animal scavengers away from the site. Rossouw generates very little waste but as there is no designated waste site the inhabitants tend to either dump waste on street corners or at the old site which is about 50m from the Wasbank River. As a result the river water and town boreholes are polluted (IWMP, 2004).

Rhodes has a site near an aquifer and waste is burnt and then covered. However as there is no TLB this has to be

done manually with the result that there is a lot of windblown pollution from the site. Illegal dumping occurs outside the gate as the site is not manned on a 24 hour basis. Medical waste is collected by a company called Compass Waste organised by the Department of Health.

**Challenges**

- **Permitted sites**. Lady Grey and Barkly East are currently the only permitted sites but the permit for Lady Grey will expire in 2012

- **Contravention of the Occupational Health and Safety Act**. This risk applies not only to the staff working on this sites but extends to the general public especially scavengers who frequent most of the sites. The Waste Manager is working on the problems of trying to find a solution for waste collection and management at Rossouw and Rhodes and make them together with Sterkspruit compliant with legislation.

- **Limited waste collection services**. Waste services (collection) only offered to urban residents.

- **Contravention of legislation**. The disposal of waste is a significant challenge and this is leading to lack of compliance with legislation, water, air and aesthetic pollution.

- **Plans.** The municipality does not have a **leachate management plan** as waste is stored on site in a cage on a cement floor until it is incinerated and then burnt**. A trade effluent policy** is not necessary as Senqu has no manufacturing industries. The **integrated waste management plan** requires review as it was adopted in 2004.

- **Cost effectiveness of current services** is poor mainly due to a history of lack of investment in the service in terms of equipment, staff, and planning.

- **Illegal dumping.** Many shop owners particularly in Sterkspruit dump their waste on the sidewalk on day when waste is not collected. In order to counteract this the municipality has promoted the usage of cages and collects waste more frequently in the centre of town. The municipality has also taken action against shop owners who persist in this action.

**Interventions**

**Increased equipment**. A tip truck and TLB were bought in the 2011/12 FY to complement the existing operational TLB and tip truck.

**A waste awareness campaign** has been launched in the Municipality to make people aware of reducing, recycling and reusing waste to prevent unnecessary collection of waste. Particular emphasis is placed on the

hazards of illegal dumping. However more funding is required to equip all waste sites adequately with equipment and personnel and to be able to successfully monitor the amount of waste entering the area.

**Integrated waste management plan and recycling.** The plan proposes recycling options particularly in Sterkspruit. The Waste Manager is in the process of trying to co-ordinate waste activities in such a manner that recycled waste can be collected from Rossouw and Rhodes and brought to a main site like Barkly East until collection becomes economically feasible. However this is proving to be difficult as recycling companies are put off by the distance they would have to travel to collect the waste. In spite of this recycling projects have been started in Barkly East, Sterkspruit and Lady Grey. The Lady Grey recycling deals primarily with bottles.

**Funding**. MIG Money has been set aside in the budget for the construction of new compliant waste management sites particularly in Sterkspruit and Barkly East. In addition the annual operations and maintenance budget is used for day to day activities.

## WATER AND SANITATION

### Current situation

Joe Gqabi DM is the WSA whilst Senqu as WSP provides water to the urban areas. Bloem Water (water board) provides water to the rural areas. However this situation is poised to change with the DM taking over all water and sanitation functions. An SLA to effect these changes has yet to be drafted and signed.

Senqu has the highest unserved population in the JGDM area. This is due to the fact that most of the population is centred in the former Transkei homeland which experienced a very low level of service before 1994.

*Table 3:RDP Water and Sanitation Services Backlog in JGDM (STATSSA 2007and JGDM WSDP 2011)*

| JGDM Total Population | Senqu Total population | Water | | | Sanitation | |
|---|---|---|---|---|---|---|
| | | No water | Below RDP standard | Above RDP standards | Served | Unserved |
| **308,363** | 118,174 | 15,586 | 21,330 | 81,258 | 65,034 | 53,140 |
| | Percentage | 13.2 | 18.0 | 68.8 | 55.0% | 45.0 |
| | JGDM | 28,676 | 81,257 | 198,431 | 161,717 | 146,646 |
| | Percentage | 9.3 | 26.4 | 64.3 | 52.4 | 47.6 |

Whilst most of the population does receive water, sanitation provision lags behind with 45 % being unserved.

Although the LM has more water available than the requirements, it is not spread in such a manner as to satisfy the need everywhere. The towns that have been experiencing water shortages are:

- Herschel
- Lady Grey
- Rossouw

The towns that have just enough water to satisfy the demand and might experience water shortages in the near future are:

- Sterkspruit RWS

**Challenges**

- **Broken water pipes**, non-functioning pipes, water unavailability and poor pressure.
- **Backlog eradication** is the main challenge facing the JGDM, especially in the rural areas of Elundini and Senqu. An estimated R 149,603,738 for water and R 93,901,795 for sanitation is required for Senqu backlog eradication
- **Operation and maintenance of existing water services** schemes is also posing a major challenge to this municipality and as a result some schemes are dysfunctional at present. There is a high need for ongoing refurbishment and maintenance programme which will ensure sustainability of these schemes.

## Interventions

**Borehole stand alone schemes**. Water backlogs may be eradicated by means of the development of borehole stand alone schemes.

**VIP's**. Sanitation backlogs will be eradicated by means of implementing VIP's. Projects will be prioritised by focussing on villages with the highest sanitation concern first. It is anticipated that a regional construction approach will be followed to maximise the benefit of scale in terms of price, timeframes and quality (JGDM WSDP 2010).

***ROADS, TRANSPORT AND STORMWATER***

Tarred roads

The provincial trunk road the R58 is in a bad condition and will be moved to SANRAL. Rock falls are also common on the road after heavy rainfalls. The R 393 between Lady Grey and Sterkspuit is in good condition but roaming livestock due to stolen or poor fencing remain a hazard for drivers in spite of the newly introduced road rangers. Tele Bridge has recently been upgraded (JGDM ITP 2010).

Gravel Roads

Most of provincially maintained gravel roads have deteriorated significantly to the level where they need extensive regravelling and low level bridges need repair or replacing. The end result is people being unable to access goods and services or having to pay outrageous prices for transport of goods and persons due to poor or impassable roads.

Access Roads

Access Roads are maintained by municipalities in terms of the Municipal Structures Act however this is not financially viable for Senqu Municipality. The municipality inherited a backlog of maintenance of existing access roads as well as many villages which don't have access roads. Due to the small tax base of the area and high unemployment the municipality is heavily reliant on the MIG grant to fund repair, maintenance and building of access roads.

Streets

Streets within towns are the responsibility of the relevant local authority. Streets within townships in all the urban settlements are of very poor condition leading to localized flooding in bad weather, impassable roads and poor access.

Rail network

The railway line between Aliwal North and Barkly East is unused even though the tracks are still in place (JGDM ITP 2010). Attempts have been made to revive the track for steam train enthusiasts as it contains 2 out of the 3 railway reverses known in the world whereby the train reverses up a zigzag pattern to the top of a mountain.

Airfields

The only airfield which can be recognised as such lies in Barkly East but is not maintained by the municipality. There has been an investigation into a new airstrip to be located 10km south west of Rhodes near the R 396 funded by ECDORT for tourists to the Tiffindell ski resort but whether this will occur or not remains to be seen (JGDM ITP 2010).

Non-motorised transport

A significant number of persons in Senqu rely on either bicycles or walking to reach their destinations. As a result the municipality has paved most of the pavements in the main towns and some pedestrian walkways leading from the former townships into the town. Few pedestrian crossings and poorly lit streets and paths are some of the hazards faced by pedestrians.

***Public transport***

The Herschel Taxi association has 164 registered members owning 293 vehicles with 158 operating licenses and runs on 20 local and national routes. Public transport operations in Barkly East and Lady Grey are small and relatively stable. In Sterkspruit no direct travel between villages is allowed and all trips must begin or end in the central rank at Sterkspruit. It is the busiest hub. The most utilised trips are to Thaba Lesoba, Voyizana, Qhoboshane, Jozanashoek and Umlami. National destinations are Aliwal North, Johannesburg, Welkom, Bloemfontein, Queenstown and Secunda.

Road worthiness and licensing

Senqu provides a road worthy and licencing service at the Traffic Testing Station in Barkly East and Sterkspruit.

**Storm water management**

The municipality on an annual basis targets certain priority areas for the construction of storm water as per the **Roads and stormwater master plan.** The Technical Services department in conjunction with the Community Services Department implements the regular cleaning and maintenance of the existing stormwater infrastructure

*Challenges*

- **Chronic underfunding** and the constant deterioration of roads due to high rainfall conditions
- **Breakdown of** old out dated road machinery
- Not all villages, schools and clinics have **decent access roads**
- Not all streets in townships are not **tarred or paved**
- Limited number of **pedestrian bridges**
- No **cycle lanes**
- **Limited lighting** of pedestrian walk ways

- **Poor** road markings
- **Limited road signage** especially in rural areas
- **Commuter facilities are primitive**. Bus shelters were built in 2000 in Barkly East and Lady Grey by DoT. The current taxi rank in Barkly East is informal with no amenities and needs upgrading to an area with shelters for waiting passengers. Lady Grey has no taxi facilities but does need a stop with a toilet.
- **Noncompliance of bakkie transporters**. These need to be made legal as these are the only vehicles which are viable on the bad rural road network (JGDM ITP 2010).

**Interventions**

- **A Roads and Stormwater Master Plan** was developed to categorise roads and determine which ones are priorities. In addition on an annual basis Ward Councillors indicate which roads and bridges require attention in their areas.
- **Paving** of township streets as part of an EPWP project and paving of sidewalks in all CBD's and the linkages between the townships as part of the pavement management system. This assists pedestrians who do not utilise vehicular transport.
- **Upgrading of 3km** of gravel road a month in all wards determined by the community and Ward Councillor.
- **New road machinery** and Operators.
- **Installation of street lights** in towns such as Herschel
- **Non-motorised transport**. The neighbourhood development grant will be used to assist with the building of more pedestrian bridges and walk ways. This will also allow for cycling paths. Funding is also set aside for the lighting of pedestrian walk ways.
- **Cleaning of storm water** drains on an annual basis in urban areas
- **Funding, operations and maintenance**. MIG funds are used to build new roads whilst own resources are used to repair and maintain roads and bridges.
- **JGDM** Integrated **transport Plan, 2010**. The LM utilises the DM's Integrated Transport Plan as it is not a transport authority and is not required to have a plan.

***EXPANDED PUBLIC WORKS PROGRAMME***

Senqu municipality has successfully implemented the EPWP programme. The objectives of the EPWP programme are as follows:

- To create job opportunities through reviewing the manner that municipalities implement existing projects/programmes
- To identify and propose programmes that will contribute to additional job creation opportunities
- To ensure that the proposed job creation programmes form part of the service delivery mandates of the municipality

These principles have been incorporated into the municipality's efforts to increase employment opportunities for its residents. Projects consist of basic road maintenance, paving of streets, picking up refuse, pothole repair and stormwater channel maintenance. Over 196 jobs were created in 2011. Future projects include maintenance of municipal property, cleaning in urban areas, stormwater management in townships and data collection. However management is currently in the process of revising the current EPWP and CWP programmes to ensure that sustainable work opportunities are created and that graduates from the programme acquire kills which increase their employment activities

**ELECTRICITY AND ENERGY**

**Current situation**

In Barkly East and Lady Grey the municipality is responsible for the electrical reticulation and the service however in the rural areas and some of the townships Eskom is the supplier. The Commercial Farming Community as well as the urban areas enjoys a relatively high level of access to electricity while the rural settlements areas on the other hand have only limited access.

Although most of the Senqu communities have access to electricity, there are some communities that still need to be electrified either in the form of electricity installation or in upgrading of their existing lines as most of the lines particularly in Sterkspruit and surrounding villages is very weak. These are mainly in new housing developments.

**Electrical challenges**

- **Limited funding for Maintenance and upgrading of infrastructure** in areas managed by the

municipality

- **Limited voltage** in the rural areas does not support large scale economic growth
- The implementation of **free basic services** for electrical supply
- Getting communities to accept **non- grid electricity**
- Number of **schools, clinics** and other social facilities that don't have a regular supply of electricity (if any supply at all)
- **Affordability** of the service
- **Difficulty** in obtaining electricity cards as vendors are far from rural areas

**Interventions**

- **Eskom** electrification plan
- **Department of Trade and Industry** assisting with the promotion of renewable sources of energy

ENVIRONMENTAL LEGISLATION

The municipality strives to adhere to all environmental legislation and conducts EIA's where necessary and prescribed by law in order to ensure sustainable service delivery. EIA's are budgeted for in project plans.

***DISASTER MANAGEMENT***

The disaster management plan was adopted in March 2011 and will be amended and improved when funding becomes available and the District Municipal disaster risk assessment plans are complete. Emergency procurement measures are not identified in the plan as these are stipulated in the municipal supply chain management plan. Disaster Management by-laws have not been promulgated due to the lack of risk assessment plans. However the DM does have a developed Transport and fire fighting bylaw (2011) but this has not yet been adopted by the municipality as it does not stipulate tariffs or fines.

**STATUS QUO**

The District Municipality is in the process of creating vulnerability and risk assessment plans for the entire area in conjunction with the University of the Free State. These are not yet complete due to the funding constraints suffered by the DM in the 2011/12 FY. As a result Senqu municipality has relied on the SDF, EMP and

communities which have identified areas of risk. The area of disaster management falls under the Community Services Director.

The municipality does not have a functional Disaster Management Unit due to funding constraints but relies on assistance from the DM. There is a Chief Fire Officer appointed by the DM which operates a fulltime fire service in the municipality due to lack of capacity by Senqu Municipality. An SLA between the DM and LM is out dated and needs revising and signing but the DM continues to run disaster management and fire services for the LM as part of their power and function to assist LM's.

# CHAPTER FIVE: INSTITUTIONAL TRANSFORMATION

***Introduction***

Senqu Municipality was established in terms of the Provincial Gazette Extraordinary, 28 February, Notice 22 of 2000 (with a number of subsequent amendments).

***Political Structure***

Senqu Municipality is a Category B Municipality. Senqu Municipality was established to be a Collective Executive system type (MSA 117 of 1998)". Council consists of 37 Councillors of which 19 are Ward Councillors and 18 are Proportional Elective Councillors. In addition Traditional Authorities form part of the Council. Council is responsible for taking political decisions in relation to service delivery issues and playing an oversight role of Council. Council meetings occur once per quarter. Special Council meetings are only convened whenever there is an urgent issue that needs to be discussed and an urgent decision needed to be taken.

**Executive Committee Meetings**

It is constituted by the Mayor of the municipality as the Chairperson, Political Heads of the Standing Committees of various departments in the municipality and the Top Management of the municipality. The Mayor as the Chairperson convenes the meetings of the Executive Committee every month.

Standing Committees

The purpose of the Standing Committees is to discuss and recommend certain actions be implemented by the Executive Committee or Council. Standing Committees are as follows:

- Corporate and Support Services Standing Committee
- Integrated Planning, Monitoring and Evaluation Standing Committee
- Technical Services Standing Committee
- Finance Standing Committee
- Community Services Standing Committee

These Standing Committees are chaired by the Portfolio Councillors who form part of the Executive Committee members. The other members of the Standing Committees are Councillors elected by the Council representative of all political parties, Traditional Leaders and the administration of the department concerned. Standing committees meet on a monthly basis.

***Administrative Structure***

Senqu Municipality implements its Integrated Development Plan through its administration structures headed by the Municipal Manager with the following Departments:

- Municipal Manager's Office responsible for strategic management and internal audit
- Department: Budget and Treasury responsible for expenditure, income, supply chain management, traffic, project management unit (PMU) and budget planning
- Department: Corporate and Support Services responsible for administration, document management, labour relations, capacity building, maintenance of buildings, secretariat services for Council
- Department: Community and Social Services responsible for waste management, cleansing, disaster management, community facilities, library services
- Department: Technical and Engineering Services responsible for electricity in urban areas, water and sanitation maintenance in urban areas, access roads, storm water maintenance, housing and land administration
- Department : Integrated Planning, Monitoring and Evaluation responsible for PMS, IDP ,LED and monitoring and evaluation, customer care, communication, legal compliance, public participation, governance, risk management, IGR and special programmes.

The current Organogram for all departments is attached as an Annexure. The administration is headed by the Municipal Manager. The top management consists of five Section 57 Managers, two males (reappointed) and one female (reappointed), who report directly to the Municipal Manager, Mr. Yawa. All but 2 Section 57 Managers have been appointed and will sign their annual Performance Agreements aligned to the IDP, budget and SDBIP in June 2012.

Organisational structure

The organogram for 2011/12 had 316 posts. Out of these 211 were funded and have all been filled. The table below indicates the number of funded and unfunded posts per department. The newly adopted draft organogram is not yet incorporated in the municipal EE (Annexure).

Employment Equity

| OCCUPATIONAL LEVELS | MALE | | | | FEMALE | | | | FOREIGN NATIONALS | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **A** | **C** | **I** | **W** | **A** | **C** | **I** | **W** | **M** | **F** | |
| Top management | 1 | | | 2 | 1 | 1 | | | 1 | | **6** |
| Senior Management | **7** | **1** | | **7** | **7** | | | **2** | | | **24** |
| Professionally Qualified and experienced specialists and mid-management | **2** | | | | **5** | | | | | | **7** |
| Skilled Technical and academically qualified workers, junior management, supervisors, foremen and superintendents | **1** | | | **1** | **4** | | | | | | **6** |
| Semi-skilled and discretionary decision making | **55** | **1** | | | **21** | **4** | | **1** | | | **82** |
| Unskilled and defined decision making | **84** | **2** | | | **12** | | | | | | **98** |
| **Temp Employees ( Finance Interns)** | **3** | | | | **3** | | | | | | **6** |
| ***TOTAL*** | ***153*** | ***4*** | | ***10*** | ***53*** | ***5*** | | ***3*** | ***1*** | | ***229*** |
| ***SUB TOTAL*** | ***167 (72%)*** | | | | ***61 (27%)*** | | | | ***1*** | ***0*** | ***229(100%)*** |

Employment equity across the municipality is quite good but more women are required in top structures.

Skills retention

The municipality has skills retention and a scarce skills retention policy but experiences difficulties attracting these types of staff and keeping them due to the rural nature of the municipality and the fact that it can't offer competitive salaries.

HR strategy and WSP

The municipality does have an HR strategy. Annually a skills audit is done and a WSP developed and adopted by Council. A training committee also assists in prioritising training. However due to lack of financial resources, the WSP is seldom completed on an annual basis. The HR strategy promotes recruitment and selection strategy, work place skills and employment equity, EAP, skills retention and lastly promotion and succession.

# CHAPTER SIX: GOOD GOVERNANCE

**MPAC Committee**

The MPAC Committee meets to discuss the oversight report for Council on an annual basis.

**Performance Audit Committee**

This committee meets to evaluate the performance of the municipality and S 57 employees on a quarterly basis. It consists of the members of the Audit committee.

**Audit Committee**

The Committee meets to discuss the annual plan of the internal audit unit. The quarterly performance reports from the departments are also discussed in this committee. Chapter 8 discusses the role of this Committee in more detail.

**LED FORUM**

This forum meets on a regular basis consisting of all stakeholders involved in LED to discuss issues and challenges relating to the implementation of LED. It is chaired by a Portfolio Councillor

**PUBLIC PARTICIPATION**

IDP Rep Forum

This forum meets at least four times a year to discuss progress achieved on implementation as well as to give direction around the needs and requirements of the future as contained in IDP. The forum is chaired by the Mayor and is constituted by various government departments, interested parties, organised groups, CBO's, Ward committees and NGO's.

Ward Committees and CDW's

Ward committees have been formed for the 19 wards. Ward Committees are chaired by the Ward Councillors and consist of ten elected members. The purpose of the committees are to broaden participation in the democratic process of Council and to assist the Ward Councillor with organizing consultation, disseminating information and encouraging participation from residents in the ward.

Ward committees have been trained. Funding has also been put also to compensate ward committee members for their time but the suggested stipend amount from national treasury will not be met due to financial constraints of the

municipality.

CDW's are another resource which the municipality utilises in order to improve public participation. However the implementation of this programme remains problematic due to power struggles between ward committees and CDW's. The problem is exacerbated by the fact that CDW's report to and are paid by the Province which means that in essence the municipality has no administrative control over the actions of these individuals.

COMMUNICATION STRATEGY & COMPLAINTS

The Municipality has an adopted communication strategy which relies on Ward Councillors, CDW's and the Executive Committee to ensure that information reaches the public. Other methods such as posters, loudhailers and the local radio station Ekepini and newspapers are used to keep the community informed. However due to financial constraints and the poor accessibility and poor network coverage of the region, some communities struggle to access information. As a result the onus is on developing central points where billboards will be erected and information displayed on a regular basis.

The Communications Officer will also be trained on website management so that the municipal website will be continually updated and remain relevant. Monthly newsletters will also be printed and distributed as well as quarterly newsletters.

Outreaches such as the Mayoral outreach will occur on a quarterly basis to ensure that the community are informed and can also relay complaints to the Mayor.

The municipality has a Community Liaison Officer mans the Presidential Hotline as well as regular liaising with Ward Councillors and Ward Committees to ensure that they are kept abreast of any developments and complaints originating in their wards. The Officer contacts the necessary department with the complaint and then monitors to ensure that it is resolved. In addition technical services have begun a complaints hotline to deal with issues of water, roads, sanitation and electricity. Complaints outside the municipal powers are forwarded to the District or relevant department for the issue to be resolved.

**SPECIAL PROGRAMMES**

The Municipality has an SPU Officer and eventually the unit should receive additional staff. Portfolio Councillors for each area have been allocated from the Executive committee

### HIV and AIDS

An Officer is responsible for HIV and Aids co-ordination in the municipality. We have an HIV and Aids Council which co-ordinates HIV and Aids activities in the region. The Council has also developed an HIV & Aids mainstreaming policy which is updated annually. The plan is to eventually have HIV and AIDS ward Committees headed by Ward councillors.

### Youth

The Youth Forum has just been reformed and a youth strategy and plan developed for the coming years. Like the HIV & Aids Council the idea is to have a ward youth committee headed by the Ward Councillor. The municipality is increasing its funding to provide for youth projects and ensure that more youth are assisted to find employment through the youth database. The municipality is committed to channelling all job advertisements and bursaries funded by various departments through to Ward Councillors for distribution to the youth.

### Elderly

The municipality is in the process of developing a Forum which will then implement an annual plan.

### Women

A women empowerment forum exists led by a Portfolio Councillor from the Executive Committee. A plan is done on an annual basis. The idea behind the forum is to ensure that women are empowered to take advantage of economic opportunities in the region.

### Persons with Disabilities

Persons with a disability have their own forum which like the others develops and implements an annual plan. A database has been developed to indicate disability types so that sector departments may utilise it to increase the level of employment amongst people with disabilities.

## IGR & TRADITIONAL LEADERSHIP

The municipality has IGR structures such as the IDP Representative Forum whereby sector departments are engaged with in order to find solutions to service delivery issues. In addition special meetings are arranged for departments to meet outside the IDP Rep Forum. Sector departments are also engaged with through Munimec and the District IGR structures such as DIMAFO.

The municipality is committed to meeting with Traditional leaders to find solutions to the problem of acquiring sufficient land for development outside town boundaries. Traditional leaders are represented in Council and at all standing committees.

# CHAPTER SEVEN: WARD PRIORITIES AND PROJECTS

**Ward Priorities 2012**

| Ward priorities | |
|---|---|
| **Ward 1** | **Ward 2** |
| Water | Bridge at Qhimera |
| Roads | Speed humps at St.Theresa |
| Sanitation – toilets | Assistance with cellphone reception |
| Schools | |
| Crime | |
| **Ward 3** | **Ward 4** |
| Assistance with cellphone reception especially at Ekra | Roads – T514 and T 6007 to Boomplaas |
| Bridge at St Theresa Hlongweni | Bridge |
| Water and sanitation | Community hall |
| Access roads | Toilets |
| Clinics at Qoboshane at Makalakaleng | |
| **Ward 5** | **Ward 6** |
| School Mabele | Roads R 606 and bridges |
| Water for Mabele school and clinics | Water |
| | Poor cellphone and TV reception |
| | Sanitation – toilets |
| | Unemployment |
| **Ward 7** | **Ward 8** |
| Water | Roads |
| Toilets | Electricity and Apollo lights |
| electricity for new extensions | Water & sanitation |

| | |
|---|---|
| Land care | RDP Houses |
| Access roads | |
| **Ward 9** | **Ward 10** |
| Community hall | Electricity |
| Roads and streets especially Mlamli road | Speed humps on the Zastron road |
| Job creation | Community hall |
| Clinic | Proper waste site |
| | RDP Houses |
| **Ward 11** | **Ward 13** |
| Water | Access road and bridge slab to be replaced at Mboniswenі T 510 Khiba, T 526 and T527 |
| Electricity | RDP Houses |
| Sanitation – toilets in 2 places | Fencing of cemetry |
| Renovate schools | Stock dams |
| Graveyard | Poor cellphone reception |
| Crime | |
| **Ward 12** | **Ward 14** |
| Roads T511 and tar T 520 and access roads at Magwiji and T 522 | Water |
| Access roads at Manxeba 20 km, Hlomendleni 5 km, Magadla 11 km,Jozanas Nek 12 km, Jozana's hoek 16 km, Magwiji 11 km | Job creation – plastics project |
| Electricity for all houses at Manxeba, Hlomendleni, Magadla, Jozana's neck, Jozana's Hoek and Magwiji | Leaking roofs of asbestos replaced |
| Sanitation – toilets at Magwiji, Manxeba and Hlomendlini is too slow | Transwilger road and bridge |
| TV reception and cellphone reception for all networks | Sites for building |
| Community hall | |
| Shearing shed at Magwiji and upgrade one at Jozanashoek | |

| | |
|---|---|
| Land care project at Magwiji,Manxeba,Hlomendlini,Magadla | |
| Projects – Siphamandla project at Jozana's Nek and Hlomendlini brick project, Kuyase old age home at Manxeba | |
| **Ward 15** | **Ward 16** |
| Access roads | RDP houses – meant to build 1500 only did 802 due to lack of ground |
| Electricity | Primary School |
| Youth projects | FET college |
| Sanitation – toilets | Roads in Barkly East and Rhodes repaired |
| Clinic – Rossouw and Phelendaba | |
| Cellphone reception at Rossouw and Phelendaba | |
| **Ward 17** | **Ward 18** |
| Water | Sanitation – toilets |
| Access and proclaimed roads | Community halls |
| Sanitation | Water – extension villages |
| Job creation | |
| Electricity for new sites | |
| Clinic 24 hours and mobile clinic | |
| Job Creation | |
| **Ward 19** | |
| Land for sites to build and for business | |
| Home Affairs office | |
| MPCC | |
| Surfacing of roads | |
| Electricity – high mast lights | |

# CHAPTER EIGHT: VISION & OBJECTIVES

***VISION***

"A developmentally orientated municipality that provides appropriate, efficient and economical infrastructure and services for all residents".

MISSION

"Committed to provide community services that enhance our valued quality of life through equitable delivery of services; effective stewardship of our unique physical environment; cooperative planning and resources development and fiscal responsibility."

*DRAFT VISION FOR 2030*

Our vision

1) We would like to activate the rural economy through the stimulation of small scale agriculture and tourism. In order to do this we need to:

- Improve the road infrastructure and signage of areas
- Package tourism products per region
- Make people aware of tourism
- Assist tourism organisation to promote and market the area
- Ensure that tourism owners are graded and maintain certain standards
- Beautify the towns and keep the CBD's clean and beautiful
- Fence off demarcated agricultural areas
- Mentor projects on how to produce and market goods together with necessary business skills
- Ensure tenure security for farmers
- Encourage the procurement of goods and services from locally based businesses
- Engage and partner the private sector to create upstream and downstream agricultural industries

2) We would like to see that our towns are developed to their full potential. In order to do this we need to:

- Beautify CBD areas

- Train residents in waste management so that recycling may occur
- Strictly enforce by laws
- Ensure that all buildings are maintained on a regular basis by private citizens and the municipality
- Enforce bylaws to destroy unsightly and old ruins
- Cut the grass on a regular basis
- Patch potholes and keep gravelled streets in good conditions
- Pave roads where possible
- Keep storm water drains open
- Engage investors in developing underutilised and unserviced grounds
- Strictly manage stock on the commonage
- Ensure that portions of the commonage are kept for poorer residents to utilise for food lots
- Ensure that stray animals are impounded
- Improve and maintain electrical infrastructure
- Improve and maintain water and sanitation infrastructure
- Improve and maintain telecommunications
- Involve residents in the maintenance and beautification of their environment
- Utilise the supply chain management mechanism to develop SMME's

3) We would like a well-functioning and transparent local government. In order to do this we need to:

- Install a performance management system that accesses all staff on an annual basis based on organisational and departmental targets
- Ensure that community complaints are dealt with in a systemic manner
- Ensure that an effective public participation system is developed and implemented
- Ensure that all records and information are effectively filed and maintained
- Train officials in customer relations and how to deal with complaints
- Train officials to be able to communicate effectively in all 3 languages spoken in the area

4) We require a financially viable municipality. In order to do this we need to:

- Revise our supply chain management to ensure the effective and efficient usage of municipal resources

- Ensure that officials know and abide to supply chain management procedures
- Ensure that the capital budget is planned for a 5 year cycle rather than annually
- Ensure that cash flow projections are accurate on a monthly basis so that money can be invested rather than sit in a current account
- Ensure that officials deliver services in the most cost effective manner

5) We would like to have a vibrant local economy. In order to do this we need to:

- Improve road infrastructure so that goods may reach markets
- Identify available land for agricultural and residential purposes
- Engage traditional authorities to participate in all development opportunities
- Engage business on development opportunities and what the municipality can do to assist
- Assist co-operatives to become more business orientated
- Improve the telecommunication infrastructure
- Look at developing the communication and computer skills of the youth

***MUNICIPAL PRIORITIES***

The following municipal priorities were identified through the Mayoral outreach and IDP Representative Forums.

| | |
|---|---|
| 1. Roads - | Priority areas are places with no approach roads. In W 14, 16, 19 and 10 the emphasis should be on paving roads. Also a job creation opportunity |
| 2. Land – | Lack of land and tenure problems. The SDF indicates Sterkspruit as priority node. Look at expanding Sterkspruit and the development of. Barkly as a priority issue |
| 3. Job creation – | Need to improve skills level of population |
| 4. Recreational facilities – | Needed in every ward especially for youth |
| 5. LED – | Look at agro processing e.g wool washing. |

6. Communication and public participation- Public participation must be increased. Network poles and transmitter poles for television are desperately needed in most areas.

The following are priorities outside the Municipality’s powers and functions but need addressing

1) Water

2) Sanitation

3) Electricity

4) Disaster management

KEY PERFORMANCE AREAS

For the municipality to effectively deal with underdevelopment and poverty, the following Key Performance Areas were identified for measurable performance within a defined framework.

1. Good governance & public participation
2. Municipal transformation and institutional development
3. Municipal financial management and viability
4. Local economic development
5. Service delivery and infrastructure

These 5 key performance areas are derived from the 5 year local government strategic agenda.

ALIGNMENT WITH DISTRICT, PROVINCIAL AND NATIONAL PRIORITIES

| National Priorities | Provincial Priorities | Local Gov. KPA | Outcome |
|---|---|---|---|
| Strengthen skills and human resource base.<br>Pursuing African advancement and enhanced international cooperation.<br>Building a developmental state including improvement of public services and strengthening democratic institutions. | Massive programme to build social and economic infrastructure.<br>Strengthen education skills and human resources base.<br>Building a developmental state and improving the public service and democratic institutions<br>Building cohesive, caring and sustainable communities | Municipal Transformation and Institutional Development | Quality basic education.<br>Skilled and capable workforce to support an inclusive growth path.<br>All people in SA are and feel safe.<br>Responsive, accountable, effective and efficient LG System.<br>An efficient, effective and development oriented public service and an empowered fair and inclusive citizenship. |
| Intensify the fight against crime and corruption; | Intensifying the fight against crime & corruption; | Municipal Financial Viability and Management | Responsive, accountable, effective and efficient Local Government System |
| Intensifying the fight against crime and corruption.<br>Build cohesive, caring and sustainable communities.<br>Pursuing African advancement and enhanced international cooperation.<br>Building a developmental state including improvement of public services and strengthening democratic institutions | Intensify the fight against crime and corruption.<br>Building cohesive and sustainable communities.<br>Building a developmental state including improvement of public services and strengthening democratic institutions | Good Governance and Public Participation | Vibrant, equitable, sustainable rural communities contributing towards food security for all.<br>Responsive, accountable, effective and efficient LG System.<br>An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.<br>Create a better South Africa, better Africa and a better world. |
| Speeding up economic growth & transforming economy to create decent work and sustainable livelihoods;<br>Comprehensive rural development strategy linked to land and agrarian reform & food security. | Speeding up growth & transforming the economy to create decent work & sustainable livelihoods;<br>Rural development, land & agrarian reform and food security;<br>Massive programme to build social & economic infrastructure.<br>Building cohesive & sustainable communities.<br>Building a developmental state. | Local Economic Development | Decent employment through inclusive economic growth.<br>An efficient competitive and responsive economic infrastructure network.<br>Vibrant, equitable, sustainable rural communities contributing towards food security for all.<br>Sustainable human settlements and improve quality of household life.<br>Protect and enhance our environmental assets and natural resources. |

| | | | |
|---|---|---|---|
| Improve health profile of the nation.<br>Comprehensive rural development strategy linked to land and agrarian reform & food security.<br>Massive programme to build economic & social infrastructure;<br>Sustainable resource management and use. | Improve the health profile of the province.<br>Rural development, land and agrarian transformation, and food security.<br>Massive programme to build social and economic and infrastructure.<br>Building a developmental state. | Basic Service Delivery and Infrastructure Development. | An efficient, competitive and responsive economic infrastructure network.<br>A long and healthy life for all South Africans.<br>Sustainable human settlements and improve quality of household life.<br>Protect and enhance our environmental assets and natural resources. |

**It should be noted that no Municipal Turnaround Strategy is incorporated into the IDP as the municipality has completed the objectives noted in the strategy.**

## *MUNICIPAL STRATEGIC DEVELOPMENT OBJECTIVES*

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| **KPA 1: LOCAL ECONOMIC DEVELOPMENT** | | | | | | | | | | | | |
| **OBJECTIVE:** To create conditions that will stimulate, sustain and increase the local economy of the area.<br>To create a cohesive integrated society which values and seeks to promote good environmental management , safety and security | | | | | | | | | | | | |
| Stimulation of local town economies and capacitation of SMME's | To develop a small town regeneration plan | All urban areas to have regeneration plans | Small town regeneration plan | Small town regeneration plan | Small town regeneration plan | Implement | Implement | No small town regeneration plan exists at present | ToR for service provider by September 2012 | Plan developed by March 2013<br>Progress reports | Economic potential developed | IPME |
| | To utilise the Neighbourhood Development Grant (NDPG) to consolidate Sterkspruit and surrounds and consolidate into 1 town and discourage urban sprawl in Lady Grey | Ensure that Sterkspruit can reach its full potential and that all the former RSA towns overcome the apartheid spatial planning legacy | Consolidation of Sterkspruit and integration of Lady Grey | * | * | * | * | Sterkspruit is the largest urban area of the municipality and has reached the ends of its freehold tenure boundaries. It is surrounded by small villages with communal land tenure. As a result freehold land is in short supply for development | NDPG business plan | Consolidation of villages around Sterkspruit and Kwezi Naledi to Lady Grey linkages by June 2013<br>Progress reports | Spatial restructuring | Technical Services |
| | To create a conducive environment for LED and growth and unleash the potential for job creation opportunities by accelerating the establishment of SMME's (9) | To ensure that entrepreneurs and SMME's survive and expand their business in the area | 2 entrepreneurs in agro and agro-processing industry<br>Fence Rossouw commonage<br>Identify number of SMME's & cooperative in the municipality<br>Identify 2 SMME's for business support<br>Identify 2 SMME's for financial training and workshop on financial training<br>Create a business chamber in Sterkspruit | Create a business chamber in Lady Grey | Create a business chamber in Barkly East | * | Business chambers in all towns | No business chambers exist at present. Entrepreneurs and SMME's have been assisted in the past | ToR for Rossouw fencing by September 2012<br>Audit of SMME's and Co-operatives by September 2012 | Fencing of Rossouw commonage by March 2013<br>6 SMME's identified by December 2012<br>Financial training workshop held in December 2012<br>Progress reports<br>Business chamber established by June 2013 | Enhancement and maintenance of sound relationships with organised business | IPME |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | To create a conducive environment for LED and growth and unleash the potential for job creation opportunities by implementing job creation through implementing public private partnerships, EPWP and accelerating the establishment of SMME's in the area (9) | Strong partnerships between the municipality and private and public sectors to promote and encourage investment | 1 Promotion investment/ workshop by June 2013<br>Create partnerships between the municipality and private and public institutions<br>Develop funding proposals | Funding proposals & partnerships | Funding proposals & partnerships | Funding proposals & partnerships | Funding proposals & partnerships | The relationship between the municipality and the public and private sector needs to be improved | Identification of stakeholders to be invited to the investment promotion workshop by December 2012<br>Identification of possible funders by December 2012 | 2 applications for funding submitted by June 2012<br>Investment promotion workshop by June 2013 | Identify and seek grant funding for developing infrastructure supportive of economic development<br>Enhance partnerships with private & public sector | IPME |
| Tourism, arts and heritage | To promote responsible tourism and arts and heritage through continued support to local iniatives<br>To promote tourism in the Senqu area | Implement the Tourism Master plan | Develop and adopt the tourism master plan | Implement the Tourism Master Plan | Implement the Tourism Master Plan | Implement the Tourism Master Plan | Implement the Tourism Master Plan | The Tourism Master plan is being developed | Tourism master plan developed | Tourism master plan adopted | Promotion of tourism and development iniatives | IPME |
| | | To assist with the growth and development of local arts, heritage and tourism iniatives | Support local iniatives | Support local iniatives | Support local iniatives | Support local iniatives | Support local iniatives | Local iniatives such as the Duathlon and Passion Play have received sponsorships in the past | Identification of 2 iniatives to receive sponsorship for arts and heritage<br>Identification of local iniatives for support by September 2012 | Sponsorship given by May 2013<br>Progress reports | Support and development | IPME |
| BBBEE | To promote the growth of BBEE and local contractors through supply chain management processes<br>To create an conducive environment that stimulates LED through supply chain management | 45 % of tenders awarded to local businesses and BBBEE companies. | 30 % of tenders awarded to local businesses and BBBEE companies. | 35 % of tenders awarded to local businesses and BBBEE companies. | 40 % of tenders awarded to local businesses and BBBEE companies. | 40 % of tenders awarded to local businesses and BBEE companies. | 45 % of tenders awarded to local businesses and BBBEE companies. | Database is updated monthly. 54.4 % of tenders awarded to BBBEE companies in the last financial year | SCM Policy | Quarterly SCM reports on BBBEE tender awards | Promotion of BBBEE | Finance |
| Poverty alleviation and job creation | To create a conducive environment for LED and growth and unleash the potential for job creation opportunities by implementing job creation EPWP (9) | To ensure that all EPWP participants learn valuable job skills | Develop and implement a EPWP Master Plan and provide Create 3000 jobs.<br>Put recruitment practises in place to hire 1000 | Implement a EPWP Master Plan | Implement a EPWP Master Plan | Implement a EPWP Master Plan | Implement a EPWP Master Plan | The EPWP plan has been implemented in the past | Develop and adopt an EPWP Master Plan for employment by July 2012<br>Learnership programme<br>Appoint participants by September 2012 | Implemented EPWP by December 2012<br>Implemented CWP<br>3 Learnership , 3 internship & 1 apprenticeship by June 2013 | Reports on number of jobs created quarterly | All Directorates |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target 2012 | 2013 | 2014 | 2015 | 2016 | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | persons Create 3 Learnership programmes by June 203 | | | | | | | | | |
| | To undertake a skills audit per ward | To create a skills database per ward | Develop a skills database | Develop a skills database | * | * | * | A skills database has never been compiled | Develop a skills database per ward by March 2013 | Database developed Progress reports | Improved economic opportunities | IPME |
| | To develop a capital plan for the next MTREF period to support labour intensive | MTREF Capital plan | MTREF Capital plan | * | * | MTREF Capital plan | * | | MTREF capital plan | Approved MTREF capital plan | Progress reports | Technical Services & Finance |
| Safe & cohesive society | To create a safe and secure environment by providing community lighting, establish partnerships with safety & liaison (SAPS) and ensure functional ISD Forums CPF's) and ward committees/commonage management and pounds | Successful functioning of structures such as CPF's and Integrated Safety Forums (ISD) | Participate and create ISD structures | Successful community safety and cohesive forums | Successful community safety and cohesive forums | Successful community safety and cohesive forums | Successful community safety and cohesive forums | A ISD type structure exists | ISD structure type TOR by September 2012 | Minutes of attendance | Safety an awareness structures established | Community Services |
| Clean and healthy environment | To create a healthy and sustainable environment by improving environmental management and combatting illegal dumping (10) | Weighbridges at all waste site to indicate amount and type of waste entering the site | Acquiring and installing weighbridges at waste sites in BE | Install weighbridges at Sterkspruit | * | * | * | No weighbridges at the sites to accurately weigh the amount of waste entering the sites | Tender developed by September 2012 | Tender awarded and weighbridges installed by March 2013 | Accurate data on landfill site activities | Community Services |
| | | Implement waste recycling measures in all urban areas | Create waste recycling iniatives in LG & BE and develop a usage policy | Facilitate the development of further waste recycling iniatives | Facilitate the development of further waste recycling iniatives | Facilitate the development of further waste recycling iniatives | Facilitate the development of further waste recycling iniatives | Currently waste recycling projects exist but do not function optimally | Waste recycling policy developed Facilitation of waste recycling iniative by September 2012 | Waste recycling plan Adopted policy by March 2013 | Recycling iniatives in BE & LG by June 2013 | Community Services |
| **KPA 2 : BASIC SERVICE DELIVERY & INFRASTRUCTURE** | | | | | | | | | | | | |
| **OBJECTIVE: To provide appropriate, effective, economical and efficient services to alleviate backlogs, stimulate the economy and provide a better life and healthy environment for all of its citizens** | | | | | | | | | | | | |
| Traffic | To ensure effective management of infrastructures and | Effectively operating traffic section | SLA Monthly & | Effectively operating | Effectively operating | Effectively operating | Effectively operating | Licencing centre established in Sterkspruit | Traffic register of fines Contract signed with | Monthly and quarterly implementation | Established licensing test centre Administrative and | Finance |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | facilities | | quarterly reports on licensing, eNatis and traffic statistics like fines.<br><br>Build a driver's test/training centre in Sterkspruit | traffic section | traffic section | traffic section | traffic section | | service provider to build test centre by September 2012 | reports<br>Test centre built by December 2012 | financial compliance | |
| Waste Management | To provide efficient and economical refuse collection and recycling services.<br>To provide sustainable basic services for improved quality of life for our communities by eradiating service delivery backlogs (4) | Increase refuse collection to 7 rural villages around Sterkspruit | Service existing areas, Sterkspruit taxi rank & shopping centre & 300 households in Steve Tshwete | Additional 300 houses in Steve Tshwete | Increase refuse collection to New Rest & Tienbank | Increase refuse collection to Mokhesi & Zwelitsha | Increase refuse collection to the other 3 villages | There are no licensed land fill sites. Insufficient staff and equipment. | Revenue collection and operational plan | No /% of households with access to basic level of waste removal reports<br>No / % of households earning less than R 1100 per month with access to free waste removal reports | Improving service delivery quality | Community Services |
| | To run 4 clean-up and awareness campaigns | To have an educated community around waste and a clean environment | 4 clean-up and awareness campaigns | 4 clean-up and awareness campaigns | 4 clean-up and awareness campaigns | 4 clean-up and awareness campaigns | 4 clean-up and awareness campaigns | Clean up campaigns have been held and Senqu won a prize in the cleanest town completion in the Eastern Cape | Clean up campaign programme | Clean up campaign reports<br>Progress reports | Improving service delivery quality | Community services |
| Cemetries | To ensure effective management of infrastructure and facilities | Clean, establish and maintain all cemetries in urban areas and villages around Sterkspruit | Clean, establish and maintain all cemetries in urban areas<br>Do pauper burials | Clean and maintain all cemetries in urban areas | Clean and maintain all cemetries in urban areas and villages | Clean and maintain all cemetries in urban areas and villages around Sterkspruit | Clean and maintain all cemetries in urban areas and villages around Sterkspruit | Cemetries are currently cleaned but not on a regular basis. Not all of the cemetries have adequate fencing | Fencing ToR for Barkly East cemetry by September 2012<br>Maintenance Programme developed by September 2012<br>Facilitate EIA for construction of BE cemetry<br>Pauper burials request | Fencing completed by June 2013<br>Implementation of maintenance programme<br>Quarterly reports<br>EIA completed by June 2013 for new cemetry in Barkly East<br>Pauper burials completed within 2 weeks of request | Maintained fenced cemetries | Community Services |
| | To build community resilience for sustainable livelihood by improving cemetry | Electronic cemetry register | Maintain existing register | Cemetry plan for existing and planned | * | * | * | Current register is not all in electronic format. The section lacks the human and financial capital to | Facilitate processes to capture electronic capture data | Constant capturing of LG & townships cemetry data | Efficiently managed records | Community Services |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | records and administration and improving cemetry conditions ( 11) | | | cemetries | | | | process the data from manual to electronic. | | | | |
| Public spaces | To create a healthy and sustainable environment by improving environmental legislation and combating illegal dumping (refuse/waste management/public open spaces) (10) | Managed and maintained infrastructure and facilities. Maintained and upgraded facilities, public parks and open spaces | Annual grass cutting programme<br><br>Annual maintenance of facilities, public parks and open spaces | Annual grass cutting programme<br><br>Annual maintenance of facilities, public parks and open spaces | Annual grass cutting programme<br><br>Annual maintenance of facilities, public parks and open spaces | Annual grass cutting programme<br><br>Annual maintenance of facilities, public parks and open spaces | Annual grass cutting programme<br><br>Annual maintenance of facilities, public parks and open spaces | Ongoing programme | Maintenance programme | Programme implemented Monthly & quarterly reports | Compliance with maintenance schedules | Community Services |
| Sportsfields | To maintain, identify, establish and upgrade existing urban sportsfields | Existing urban sites must be well maintained and in good condition. Sportsfields site identified | Patrick Shibane Sports ground to be upgraded Maintenance of existing sportsfield Identification of new sportsfield sites | * | Upgrading of Rhodes sportsfield | Upgrading of Hershel sportsfield | Upgrading of Barkly East sportsfields | The current sport fields need to be upgraded to have lights and proper facilities for changing and watching | Tender documents prepared by September 2012 Maintenance programme developed Meeting with traditional authorities to identify sites by September 2012 | Upgraded Patrick Shibane Stadium by June 2013 Monitoring of maintenance programme Consolidated site identification report by December 2012 Monthly & quarterly reports Signed SLA's with Traditional authorities | Upgraded and maintained sportsfield facilities | Community Services |
| Community Halls | To ensure effective management of infrastructure and facilities | All wards to have at least 1 central community hall | Building of hall in Rhodes<br><br>Upgrading and maintenance of Rossouw Hall | Building of 1 hall | Building of 1 hall | Building of 1 hall | Building of 1 hall | Not all wards have a central community hall | Tender documents completed by September 2012 | Completed hall building by March 2013 Completed maintenance of Rossouw Hall by March 2013 Monthly & quarterly reports | Renovated, built & upgraded facilities | Community Services |
| Commonages | To provide adequate cost effective, sustainable basic services | To ensure that all commonages are utilised adequately and adhere to good veld management | Manage & monitor the implementation of the commonage management plans of Barkly | * | * | * | * | The commonage management plants are out-dated and not well implemented. There is insufficient human and financial resources for the | Existing commonage management plan | Bi annual stock count in December 2012 and June 2013 | Control and proper structured commonage management Effective enforcement of by | Community Services |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | | practises | East, Lady Grey and Rhodes | | | | | task | | | laws | |
| | | Only paying stock owners and other paying hirers to be utilising the commonage | Annual commonage lease signings | Annual commonage lease signings | Annual commonage lease signings | Annual commonage lease signings | Annual commonage lease signings | Some persons are utilising the commonage without payment | Signed leases on an annual basis | Regular monthly inspection reports<br>Lease monitoring<br>Fines issued | Decrease in illegal commonage usage.<br>Increase in related revenue<br>Increase in stock control | Community Services |
| Pounds | To provide adequate cost effective, sustainable basic services by maintaining and administering pounds as per maintenance schedule | Well maintained pounds and limited number of stray animals | Maintenance and administration of pounds | Annual training on animal bylaw<br><br>Pound maintenance and operation | Annual Training on animal bylaw<br><br>Pound maintenance and operation | Annual Training on animal bylaw<br><br>Pound maintenance and operation | Annual Training on animal bylaw<br><br>Pound maintenance and operation | Pounds are not adequately maintained and operated | Maintenance programme developed<br>Construction rehabilitation ToR developed for LG & BE | Monthly implementation reports<br>Construction reports | Maintained pound infrastructure<br>Rehabilitated pounds<br>by June 2013 | Community Services |
| Libraries | To provide library services to all residents | All urban areas to have well maintained libraries | Signed SLA with DSRAC by 31 July 2012<br><br>Monitored library services | Ensuring regular library hours | Ensuring regular library hours | Ensuring regular library hours | Ensuring regular library hours | Not all urban areas have a library | Monthly reports<br>Signed SLA by July 2012 | Library fines<br>Monthly reports to DSRAC | Improved governance. | Community Services |
| Town Planning, building controls and land administration | To ensure town planning applications are passed and areas zoned appropriately<br>To ensure that the building control legislation are adhered to and to implement effective land administration | 100 % compliance with town planning and building control legislation.<br>Effective land administration | 100 % compliance with town planning and building control legislation<br><br>Updated rezoning schemes for Barkly east, Lady Grey and Sterkspruit<br><br>Land audit of | 100 % compliance with town planning and building control legislation | 100 % compliance with town planning and building control legislation | 100 % compliance with town planning and building control legislation | 100 % compliance with town planning and building control legislation | The town planning and building control function is being done but more awareness and human capital is required.<br>Illegal structures and land invasions occur regularly | Town planning regulations<br>Building control legislation<br>Existing zoning schemes<br>Land audit by September 2012 | No of applications received and passed for town planning and building control<br>Updated zoning schemes<br>Meetings held with stakeholders around land invasions by June 2013<br>Monthly and quarterly reports on town planning and | Adherence to town planning and regional planning norms | Technical Services |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | | | Barkly East and Sterkspruit and monitoring and prevention of illegal land invasions | | | | | | | building plans approved , contraventions and inspections carried out | | |
| Housing | To provide sustainable infrastructure development by improving and building housing infrastructure , SDF, land administration/building control (1) | Updated housing plan<br>Completed housing projects | Update housing plan<br>Facilitate housing projects | Update housing plan | Update housing plan | Update housing plan | Update housing plan | A housing plan has been developed and adopted. Several housing projects have been iniated | Housing plan existing housing projects | Updated housing plan<br>Completed housing projects<br>Adopted housing plan<br>Quarterly and monthly reports | Structured housing delivery | Technical Services |
| Spatial planning | To provide adequate cost effective sustainable basic services | New SDF by 2015 | Annual SDF review | Annual SDF review | Annual SDF review | New SDF | SDF review | An SDF was developed in 2009 and has been reviewed annually | SDF | Updated SDF<br>Approved SDF by May 2013 | Well-co-ordinated development | Technical Services |
| Storm water | To provide adequate cost effective sustainable basic services | Annual maintenance and construction of identified storm water systems | Annual maintenance and construction of identified storm water systems | Annual maintenance and construction of identified storm water systems | Annual maintenance and construction of identified storm water systems | Annual maintenance and construction of identified storm water systems | Annual maintenance and construction of identified storm water systems | Annual maintenance and construction of identified storm water systems<br>Annual maintenance plan | Annual storm water management and maintenance plan | Maintenance of stormwater in Transwilger, Rhodes and other areas<br>Monthly and quarterly reports | Maintained infrastructure | Technical Services |
| Access Roads and bridges | To provide sustainable infrastructure development by improving and building housing infrastructure, reconstructing access roads and rebuilding gravel roads and bridges (3) | Annual maintenance and construction of existing access roads and bridges | Annual maintenance and construction of existing access roads and bridges<br><br>Completed construction of Musong road<br><br>Construct access roads in Wards 19,1,3,4 & 6<br><br>Construct bridges in Wards 5 and | Annual maintenance and construction of existing access roads and bridges | Annual maintenance and construction of existing access roads and bridges | Annual maintenance and construction of existing access roads and bridges | Annual maintenance and construction of existing access roads | Annual maintenance of access roads does occur<br>Construction of the Musong road has begun | Annual maintenance programme<br>Musong road snag list by September 2012<br>ToR for tender for 43 km of access roads by September 2012<br>ToR Tender for bridges by Wards 5 and 14 | Maintenance of 20 km of roads by June 2013<br>Completed Musong road by June 2013<br>Access roads tender completed by June 2013<br>Bridges tender completed by June 2013<br>Maintenance reports<br>Project progress reports<br>Reports on roads backlogs | Maintained infrastructure | Technical services |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | | | 14 | | | | | | | | | |
| Fleet Management | To provide adequate cost effective sustainable basic services | An effective and well maintained and run fleet | Constructed fleet management bay<br><br>Monitoring and management of fleet vehicles<br><br>Installation of fleet tracking system | Monitoring and management of fleet vehicles | Monitoring and management of fleet vehicles | Monitoring and management of fleet vehicles | Monitoring and management of fleet vehicles | The current fleet has no demarcated area.<br>Vehicles do not have vehicle tracking units.<br>The municipal fleet is depleted and aging and needs new vehicles | Tender Tor for fleet bay by September 2012<br>Tender ToR for tracking system by September 2012<br>Fleet management policy | Vehicle tracking implemented December 2012<br>Fleet bay constructed by March 2013<br>Monthly inspections of vehicles<br>Monthly and quarterly reports on vehicle abuse and maintenance | Good governance | Technical services |
| Traffic signs | To provide adequate cost effective sustainable basic services | Repair and replace traffic signage identified on an annual basis | Repair and replace traffic signage identified on an annual basis | Repair and replace traffic signage identified on an annual basis | Repair and replace traffic signage identified on an annual basis | Repair and replace traffic signage identified on an annual basis | Repair and replace traffic signage identified on an annual basis | Road signs are replaced on a needs basis | Inspection of roads signs and determination of needs | Road signs erected | Compliance with traffic signage legislation monthly and quarterly reports | Technical Services |
| Electricity | To provide adequate sustainable basic services for improving quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality basic services (Electricity) (5) | All urban households to be under municipal supply | Supply of all current h/holds in LG & BE | Supply of all current h/holds & half of the new RDP houses in LG & BE | Supply of all current h/holds & half of the new RDP houses in LG & BE | Supply of all Herschel h/holds | * | The annual leakage of electricity has been decreased to below 20 % | Annual operational and maintenance plan<br>Backlogs<br>Public notices for outages 7 days before<br>Maintain 400 street lights | Maintenance<br>% /No of households with access to basic level of electricity reports<br>Backlog reports<br>FBS reports<br>Maintenance reports | Enhanced service delivery | Technical Services |
| Sanitation and waste water | To provide adequate sustainable basic services for improving quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality basic services (Sanitation/waste water) (7) | Effective and efficient sanitation network | Maintenance of existing network<br>8 new sewer connections<br>Blockages dealt within 24 hours<br>Sanitation backlogs identified and quantified | Maintenance of existing network | Maintenance of existing network | Maintenance of existing network | Maintenance of existing network | Maintenance occurs on an annual basis but there is a lack of human and financial capital | Annual maintenance plan | Maintenance<br>Blockage resolved<br>Blockage complaints<br>Sanitation backlogs<br>Households with access to free basic sanitation<br>Quarterly reports | Sanitation infrastructure maintained | Technical Services |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| Water | To provide adequate sustainable basic services for improving quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality basic services (water) | That the water reticulation system operates effectively | Annual operations and maintenance plan<br>8 new water connections<br>Water faults attended to within 24 hours<br>Backlogs identified and reported on<br>Free basic water users reported on | Annual operations and maintenance plan | Annual operations and maintenance plan | Annual operations and maintenance plan | Annual operations and maintenance plan | Annual operational and maintenance plan | Annual operational and maintenance plan | 8 new water connections<br>No of blockages resolved<br>Quarterly and monthly reports<br>reports on backlogs and users of free basic water | Maintained water infrastructure | Technical Services |
| Municipal property and asset maintenance | To ensure that municipal buildings and assets are maintained and secured | Well maintained and secured municipal buildings<br>Well maintained telephone system | Well maintained and secured municipal buildings<br><br>Well maintained and operating telephone system | Well maintained and secured municipal buildings | Well maintained and secured municipal buildings | Well maintained and secured municipal buildings | Well maintained and secured municipal buildings | Municipal buildings are maintained on an adhoc basis | Annual maintenance plans<br>ToR Tender for maintenance of Mayoral house, Municipal house, office shelters and office space<br>Telephone system security needs analysis | Maintained buildings<br>Less than 5 % downtime of telephone system<br>Implementation of security systems including signed SLA's<br>Quarterly reports and service provider performance reports | Maintained municipal assets | Corporate Services |
| Animal control | To implement animal control bylaws | Implemented animal control bylaws | Training of identified staff on animal bylaws | Training of identified staff on animal bylaws | Training of identified staff on animal bylaws | Training of identified staff on animal bylaws | Training of identified staff on animal bylaws | Staff have been trained as Peace Officers in the past | Bylaws | Staff training<br>Implementation reports | Implementation of control environment | Community Services |
| Crèches | To ensure the management and implementation of crèche's bylaws. | All crèches are compliant with bylaws and legislation | Identification of illegally operating crèches | Identification of illegally operating crèches | Identification of illegally operating crèches | Identification of illegally operating crèches | Identification of illegally operating crèches | Some crèches are operating in contradiction of bylaws | Crèche bylaws | Inspections<br>Compliance reports | Legally compliant crèches | Community Services |

**KPA 3: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT**

**OBJECTIVE: To build a performance drive organisation that provides a sound, effective, appropriate, transparent and economical administration**
**To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementing all MFMA regulations and reforms/municipal transformation and institutional development/ a transparent and performance driven institution capable of effective service delivery with sound administration (13)**

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| Effective management of staff and policy and procedure processes | To ensure an institution capable of effective service delivery with sound administration | High staff discipline and performance | High staff discipline and performance<br><br>Review of bylaws<br><br>Review of operational policies<br><br>Leave and sick leave management | High staff discipline and performance | High staff discipline and performance | High staff discipline and performance | High staff discipline and performance | Staff discipline and performance is monitored. Line Managers still need further training on how to deal with disciplinary issues | Labour law disciplinary cases<br>Existing bylaws facilitate review of operational polices leave and sick leave policy | Disciplinary cases completed<br>bylaws reviewed<br>Policy review facilitated and staff trained<br>implementation of leave and sick leave policy | Quarterly reports<br>Bylaws gazetted<br>Adoption of operational policies<br>Disciplined work environment | Corporate Services |
| Legal and contract management | To ensure effective and inspiring governance | All contracts are up to date and that the necessary legal services are contracted | All contracts are up to date and that the necessary legal services are contracted | All contracts are up to date and that the necessary legal services are contracted | All contracts are up to date and that the necessary legal services are contracted | All contracts are up to date and that the necessary legal services are contracted | All contracts are up to date and that the necessary legal services are contracted | Legal services are outsourced.<br>A contract register exists | Existing contract Register<br>requests for legal services<br>Signed contracts and SLA's | Contracts renewed<br>Legal services contracted<br>Updated contract register<br>Contract performance monitored before payments made | Improved accountability and governance | Corporate Services<br>All Directorates to ensure that contracts and SLA's are signed and renewed and contract performance monitored |
| Customer care | To improve standards of communication, transparency and openness. | 100 % resolving of customer complaints | Monitor the resolution of customer complaints<br><br>Conduct regular customer care awareness and satisfaction campaigns | Monitor the resolution of customer complaints | Monitor the resolution of customer complaints | Monitor the resolution of customer complaints | Monitor the resolution of customer complaints | Presidential hot line monitored. | Monitor the establishment of a complaints management system by September 2012<br>Customer satisfaction survey by December 2012 | Customer care register<br>Customer satisfaction survey by March 2013<br>Monthly & quarterly Reports | Service excellence | IPME |
| ICT maintenance | To improve service delivery quality | An effective and efficient ICT service | Annual maintenance of ICT hardware and software<br><br>Disaster recovery | Annual maintenance of ICT hardware and software | Annual maintenance of ICT hardware and software | Annual maintenance of ICT hardware and software | Annual maintenance of ICT hardware and software | System maintenance improved | ICT hardware and software<br>Disaster recovery plan approved by 30 September 2012 | Maintenance checks<br>Backups | Oversight and monitoring ,maintenance and backup reports monthly and quarterly | Finance |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | | | plan implemented | Disaster recovery plan implemented | Disaster recovery plan implemented | Disaster recovery plan implemented | Disaster recovery plan implemented | | | | | |
| Internet and emails | To provide an effective and efficient ITC service | An effective and efficient ITC service | Maintained and effective internet and email facilities | Maintained and effective internet and email facilities | Maintained and effective internet and email facilities | Maintained and effective internet and email facilities | Maintained and effective internet and email facilities | The ITC system is maintained on a regular basis | Maintenance schedule | Maintenance | Management and oversight reports | Finance |
| Communications marketing and customer care | To improve social cohesion by marketing and publicising events<br>To improve the transparency and performance of the local municipality | Increased participation in social cohesive events | Publicising and support of local events such as the Passion Play | Publicising and support of local events such as the Passion Play | Publicising and support of local events such as the Passion Play | Publicising and support of local events such as the Passion Play | Publicising and support of local events such as the Passion Play | Ongoing marketing of events through advertisements and transport of goods to events such as Expo's | Marketing of select events | Quarterly marketing reports | Marketing activities organised and attended | IPME |
| | | Updated and accessible website | Updated and accessible website | Updated and accessible website | Updated and accessible website | Updated and accessible website | Updated and accessible website | Website does not reflect current material due to lack of cooperating | Current website | Updating of website Monthly & quarterly reports on website monitoring | Fully integrated website | IPME |
| | | That the public is well informed of all municipal events , plans and programmes | Placing of adverts about municipal events, plans and programmes that require public intervention and knowledge | Placing of adverts about municipal events, plans and programmes that require public intervention and knowledge | Placing of adverts about municipal events, plans and programmes that require public intervention and knowledge | Placing of adverts about municipal events, plans and programmes that require public intervention and knowledge | Placing of adverts about municipal events, plans and programmes that require public intervention and knowledge | Advertisements are placed but there is no overall co-ordinating structure | Drafting of adverts for the public on events and issues that require their input and attention | Advertisements placed in newspapers and on notice boards | Improved communication | IPME |
| Performance | To develop an approach that will provide a set of tools and techniques to plan regularly, monitor, measure and review performance of the municipality as well as | A motivated and performance driven municipality | PMS Policy/frame work reviewed and adopted by 31 March 2013 PMS roll out plans by September 2012 Quarterly S57 | A motivated and performance driven municipality | A motivated and performance driven municipality | A motivated and performance driven municipality | A motivated and performance driven municipality | A PMS policy /framework exists. S57 managers' performance is reviewed on an annual basis. SDBIP's are developed on an annual basis. Quarterly departmental reports are submitted to | Draft reviewed PMS Policy/Framework by31 January 2013 PMS roll out plan by September 2013 Facilitate SDBIP development by 30 June 2013 | Adopted PMS Policy/framework by 31 March 2013 Quarterly Directors assessments informal and formal) Quarterly performance & | Legislated performance | IPME to facilitate All Directors to provide SDBIP & PMS targets and reports |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | individual employee in the municipality<br>Review existing policy | | PMS reports<br>Quarterly Director performance assessments<br>SDBIP developed and aligned to IDP and budget and approved | | | | | Council | | SDBIP reports | | |
| | To have signed performance agreements and scorecards with s 57 employees by July 2012 | Annual performance agreements and scorecards signed and approved by Council | Annual performance agreements and scorecards signed and approved by Council | Annual performance agreements and scorecards signed and approved by Council | Annual performance agreements and scorecards signed and approved by Council | Annual performance agreements and scorecards signed and approved by Council | Annual performance agreements and scorecards signed and approved by Council | Performance agreements and scorecards are signed annually | Draft performance agreement and scorecard | Signed and adopted performance agreement and scorecard by September 2012 | Legislated compliance | IPME to facilitate development of PMS scorecards<br>All Directorates |
| Monitoring & Evaluation systems | To compile and submit SDBIP and performance reports | Reporting on SDBIP and PMS | IPME to facilitate SDBIP Quarterly Directorate submission<br>Directors to input into SDBIP development and submit quarterly reports | IPME to facilitate SDBIP Quarterly Directorate submission | IPME to facilitate SDBIP Quarterly Directorate submission | IPME to facilitate SDBIP Quarterly Directorate submission | IPME to facilitate SDBIP Quarterly Directorate submission | SDBIP quarterly reporting done but not consolidated and submitted to structures of Council | Facilitate SDBIP quarterly reports to Council & Standing committees | IPME Consolidate quarterly SDBIP report to Council<br>Directors submit SDBIP reports quarterly | Compliance with legislation reporting | IPME<br>All Directorates |
| | To comply with the MFMA to report on service provider performance | 100 % compliance with MFMA | Service Provider performance reported on annually | Service Provider performance reported on annually | Service Provider performance reported on annually | Service Provider performance reported on annually | Service Provider performance reported on annually | No formal system implemented to manage and monitor SP performance | Reports on service provider performance by 31 July 2012 | Service provider report incorporated into S 46 report by 15 August 2012 | S 46 report submitted to AG 31 October 2012 | All Directorates<br>IPME to facilitate S 46 report |
| Youth and women | To create an conducive working environment that promotes personal capacity development and growth | That the youth and women gain skills | That the youth and women gain skills | That the youth and women gain skills | That the youth and women gain skills | That the youth and women gain skills | That the youth and women gain skills | The Youth council is functioning<br>A women's empowerment Council has been formed | Procurement of services for the youth festival and training programmes<br>Procurement of services for women's month in August 2012 | Training of 50 youth contractors by 31 December 2012<br>1 youth festival by 30 September 2012<br>Training for women by 28 February 2013<br>Progress reports | Focus groups participate in the local economy | IPME |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| Elderly & disabled | To create an conducive working environment that promotes personal capacity development and growth | To have capacitated elderly and persons with disabilities | Capacitated elderly and persons with disabilities | Capacitated elderly and persons with disabilities | Capacitated elderly and persons with disabilities | Capacitated elderly and persons with disabilities | Capacitated elderly and persons with disabilities | Forums exist for both groups | Develop database for people with disabilities by September 2012<br>Identify list of inaccessible municipal buildings by 30 September 2012 | Awareness campaigns and training designed and implemented by 31 December 2012<br>Building guidelines for accessibility developed by 28 February 2013<br>Progress reports | Focus groups participate in the local economy | IPME |
| HIV & Aids | To mainstream SPU programmes into the municipal environment<br>To provide efficient and effective institutional support to Council and other structures | Adopted and implemented mainstreaming strategy | Developed and adopted mainstreaming strategy | Developed and adopted mainstreaming strategy | Developed and adopted mainstreaming strategy | Developed and adopted mainstreaming strategy | Developed and adopted mainstreaming strategy | The District has a mainstreaming strategy | Service Provider ToR for strategy by September 2012 | Draft policy adopted by 31 December 2012<br>Policy implementation | Mainstreaming of SPU programmes into the municipal environment | IPME |
| | | Working HIV & Aids Council and co-ordinated programme delivery | HIV & Aids Council Meeting | HIV & Aids Council Meeting | HIV & Aids Council Meeting | HIV & Aids Council Meeting | HIV & Aids Council Meeting | Established HIV & Aids Council | HIV & Aids Council meeting schedule | Meeting minutes<br>Co-ordinated delivery programme and quarterly reports | Functional Aids Council | IPME |
| | | Decrease in infection rates due to safer sexual health practises | Annual awareness programme | Annual awareness programme | Annual awareness programme | Annual awareness programme | Annual awareness programme | 18 % DM HIV Aids infection rate | HIV & Aids Annual awareness campaign programme by 30 September 2012 | Minutes of awareness campaigns<br>Implementation reports | Promotion and awareness of HIV & Aids | IPME |
| HR Strategy | To have an effective and transparent performance driven organisation capable of effective service delivery with a sound administration | Implemented HR Development strategy | Implemented HR Development strategy | Implemented HR Development strategy | Implemented HR Development strategy | Implemented HR Development strategy | Implemented HR Development strategy | HR strategy was developed and approved but not implemented | HR Resources strategy review | Reviewed strategy<br>Quarterly Progress Reports | Conducive working environment that promotes personal capacity development and growth | Corporate Services |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| Employment equity | To promote effective and inspiring governance | To ensure compliance with employment equity targets | Review, develop and implement and employment equity plan | Review, develop and implement and employment equity plan | Review, develop and implement and employment equity plan | Review, develop and implement and employment equity plan | Review, develop and implement and employment equity plan | The Employment Equity plan is not fully implemented | Employment Equity plan sent to Council with targets<br>IPME to check report submission by 1 October 2012 | EE Plan submitted by 1 October 2012<br>EE reporting templates submitted to Department of Labour<br>Quarterly reports on implementation including targets vs procurement and achievement per category of EE target | Promotion of employment equity and diversity | Corporate IPME to monitor compliance with submission dates |
| Labour Forum | To promote effective and inspiring governance | Good labour relations | LLF sits regularly | LLF sits regularly | LLF sits regularly | LLF sits regularly | LLF sits regularly | LLF does not function as well as can be expected | LLF Meeting schedule | LLF Minutes | Maintenance and building of sound labour relations | Corporate Services |
| Occupational Health & Safety | To have an effective and transparent performance driven organisation capable of effective service delivery with a sound administration | To ensure that all Senqu buildings and staff adhere to and implement OHS legislation | Implemented OHS Act | Implemented OHS Act | Implemented OHS Act | Implemented OHS Act | Implemented OHS Act | OHS /safety Committee does not function effectively | OHS Meeting schedule | OHS Meeting minutes<br>Monthly and quarterly safety inspections | Creation of a safe and secure environment | Corporate services |
| Training | To have an effective and transparent performance driven organisation capable of effective service delivery with a sound administration | That the WSP is implemented on an annual basis | That the WSP is implemented on an annual basis and capacity of the work force developed | That the WSP is implemented on an annual basis and capacity of the work force developed | That the WSP is implemented on an annual basis and capacity of the work force developed | That the WSP is implemented on an annual basis and capacity of the work force developed | That the WSP is implemented on an annual basis and capacity of the work force developed | 146 staff were trained in the previous financial year | C-ordinate skills audit<br>Develop WSP | WSP adopted and implemented<br>Submission of WSP<br>Staff capacitated | Conducive working environment that promotes personal capacity development and growth | Corporate Services |
| Document management | To promote effective and inspiring governance | Functioning and effective document management system | Assess current system and fix gaps<br>Monitor implementation | Functioning and effective document management system | Functioning and effective document management system | Functioning and effective document management system | Functioning and effective document management system | Standard filing plan in place. Data is being backed up off site. Capacity issues exist and mail and document man agent not accurate | Current system assessed | Gaps filled in system<br>Quarterly reports on implementation and ongoing monitoring<br>TOR to acquire electronic document management system by June 2013 | Management of institutional memory and functional records management and registry system | Corporate Services |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target 2012 | 2013 | 2014 | 2015 | 2016 | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | A fully integrated manual and electronic document management system by 2016 | A fully integrated manual and electronic document management system by 2016 | Facilitate and plan for an electronic document management system | Implement a fully integrated manual and electronic document management system | Implement a fully integrated manual and electronic document management system | Implement a fully integrated manual and electronic document management system | A fully integrated manual and electronic document management system by 2016 | Manual document management system functional / electronic system not functional /No dedicated funding for the acquisition of an electronic document management system Plan for Sebata Module to be developed and or placing of a divert to call for expression of interest for the development of an electronic document management system | Facilitation efforts & planning records seeking opportunities for the development of an electronic document management system (request to Sebata and or / place advert for expression of interest | Integrated manual & electronic document management system/Effective administration /migration of existing records & capturing of current records within a single repository in accordance with standards prescribed by the Archives Act and other relevant Acts to ensure that such records can be retrieved for future use. | Plan for a system by September 2012. Budget & Facilitate the acquisitions of an electronic document management by June 2013 system | Corporate Services |
| Organisational structure | To have an effective and transparent performance driven organisation capable of effective service delivery with a sound administration | An adopted organisational structure that meets the needs of the municipality | To have all the vacant and funded positions filled | To have all the vacant and funded positions filled | To have all the vacant and funded positions filled | To have all the vacant and funded positions filled | To have all the vacant and funded positions filled | Organogram is being reviewed and has been adopted | Placement schedule by September 202 | 80 % of budgeted critical posts filled by June 2013 | Effective and efficient human capital | Corporate Services to facilitate recruitment of staff All Directorates |
| | | Signed job descriptions for all posts | Job descriptions for every post | Job descriptions for every post | Job descriptions for every post | Job descriptions for every post | Job descriptions for every post | Job descriptions are outdated | Develop and approve job evaluation local agreement Analyse existing job descriptions Develop placement policy by December 2012 | Identified outstanding and outdated job descriptions Update all job descriptions benchmarked on TASK by June 2013 Disputes managed as per placement policy by June 2013 | Enhanced operational performance | All Directorates Corporate Services to facilitate the process |

**KPA 4: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY**

**OBJECTIVE: To create a financially viable municipality by increasing the tax base, stimulating the economy, effective revenue collection, enforcing financial management legislation and administration and ensuring effective usage of financial resources**
**To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementing all MFM regulations and reform (12)**

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| Customer Billing | To expand and protect the municipal revenue base by providing accurate bills for services rendered | All bills are accurate and delivered and processed monthly | Monthly processing of customer accounts. Accounts are 98 % accurate and delivered timeously | Monthly processing of customer accounts. Accounts are 98.5 % accurate and delivered timeously | Monthly processing of customer accounts. Accounts are 99 % accurate and delivered timeously | Monthly processing of customer accounts. Accounts are 99.5 % accurate and delivered timeously | Monthly processing of customer accounts. Accounts are 100% accurate and delivered timeously | Inaccuracy in customer billing | Existing consumer accounts | Accurate consumer accounts processed monthly and delivered | Enhanced financial viability | Finance |
| Indigent register | To improve service delivery ,quality (cost effectiveness and efficiency by updating the indigent register annually for free basic services (FBS) | Updated indigent register with persons receiving free basic services | Updated indigent register with persons receiving free basic services | Updated indigent register and persons receiving free basic services | Updated indigent register and persons receiving free basic services | Updated indigent register and persons receiving free basic services | Updated indigent register and persons receiving free basic services | Free Basic services implemented on demand. | Updating of indigent register monthly | Quarterly reports on indigent application and FBS applications | Effective indigent register and integrated approach to FBS approach | Finance |
| Valuation roll | To expand and protect the municipal revenue base | Completed valuation roll | Completed valuation roll | Completed valuation roll | Completed valuation roll | Completed valuation roll | Completed valuation roll | The valuation roll is done annually | Valuation roll | Processing of objections | Expand and protect municipal revenue by collecting all revenue due to Council | Finance |
| Strategized Budget and IDP process | Budget and IDP review processes aligned<br>To ensure compliance with the MFMA and MSA requirements | Aligned IDP and budget review process plan | Aligned IDP and budget review process plan | Aligned IDP and budget review process plan | Aligned IDP and budget review process plan | Aligned IDP and budget review process plan | Aligned IDP and budget review process plan | Compliance achieved | IDP & budget process plan by August 2012<br>Outreach and public participation through IDP Rep Forums | Draft IDP & budget by March 2013<br>Outreach and public participation through IDP Rep Forums | Adopted IDP and budget by May 2013<br>Outreach and public participation through IDP Rep Forums | Finance<br>IPME |
| Asset Management | To manage , control and maintain all municipal assets according to MFMA regulations and good asset management practises | Fully GRAP Compliant Asset register | Fully GRAP Compliant Asset register | Fully GRAP Compliant Asset register | Fully GRAP Compliant Asset register | Fully GRAP Compliant Asset register | Fully GRAP Compliant Asset register | GRAP compliant register exists | Asset register developed with movable and immovable assets monthly and barcoded<br>Annual stock counts Dec 2012 and June 2013<br>Asset disposal plan developed<br>Unbundling of assets<br>Assets policy | Asset register approved<br>Inventory records<br>Approved asset disposal plan<br>Assets unbundled By June 2013<br>Assets disposed by March 2013 | Fully GRAP compliant register<br>Control and management of assets by June 2013 | Finance to compile asset register<br>All Directorates to count, report new assets and identify assets for disposal and do stock takes<br>IPME to monitor compliance of submission |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | | | | | | | | | | | | timeframes |
| Supply chain management | To comply with the MFMA prescriptions of supply chain management | Legislative compliance of supply chain management | Legislative compliance of supply chain management | Legislative compliance of supply chain management | Legislative compliance of supply chain management | Legislative compliance of supply chain management | Legislative compliance of supply chain management | Supply chain management policy exists | SCM policy implementation reports submitted to MM and Mayor within 10 days after a quarter and within 30 days after end of financial year<br>SCM policy review | Implementation of scm reports<br>Reports<br>Compliance reports on bids of over R100 000 to National Treasury<br>SCM policy reviewed<br>Service Provider performance reports submitted and incorporated into S46 reports by 31 July 2012<br>S 46 report submitted to AG 31 August 2012 | SCM policy reviewed and improved accountability and governance | Finance<br>IPME to monitor compliance on submission timeframes |
| To ensure the financial viability of the municipality | To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage<br>To manage the insurance portfolio<br>To report on external debt to revenue | Cash backed budget | Cash backed budget | Cash backed budget | Cash backed budget | Cash backed budget | Cash backed budget | Budget related policies are in the process of being reviewed | Adoption and implementation of Budget related policies<br>Councils insurance portfolio | Debt coverage ratio<br>Outstanding service debtors to revenue ratio<br>Cost coverage ratio<br>Report monthly on external debt to Revenue | Cash backed budget<br>Updated annual insurance policy | Finance |
| Legal compliance | To comply with the MFMA prescripts by submitting various documents | 100 % MFMA compliance | 100 % MFMA compliance | 100 % MFMA compliance | 100 % MFMA compliance | 100 % MFMA compliance | 100 % MFMA compliance | Compliance has been good | AFS compiled reconciliation of assessment rates<br>Monthly grants and other funds reconciliation report (actual vs budget)<br>Monthly budget statements to NT no later than 10 working days after month | AFS approved and submitted to AG by 31 August 2012<br>Submit S 71 report monthly by no later than 10 working days after month<br>Submit S 72 report by 31 Dec 2012<br>Draft adjustment budget<br>Serviced loans by | AFS resubmitted to AG 30 Nov 2012 and activity plan prepared by June 2013<br>Annual assessment rates billed by September 2012<br>Compliance with MFMA deadlines<br>Adopted adjustment budget | Finance<br>IPME to monitor compliance of submission timeframes |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | | | | | | | | | Compile S 71 report<br>Compile S 72 report<br>Existing budget<br>External loans | March 2013<br>Monthly cash collection reports | | |
| Expenditure | To increase the amount of expenditure on the capital and operational budget<br>To purchase office furniture and equipment<br>To ensure 100 % expenditure on skills training (WSP) | 100% expenditure of OPEX and CAPEX budget | 95% expenditure of OPEX and CAPEX budget | 96% expenditure of OPEX and CAPEX budget | 97% expenditure of OPEX and CAPEX budget | 98% expenditure of OPEX and CAPEX budget | 100% | 71 % of the capital budget was actually spent in the last FY | SDBIP<br>Furniture and equipment needs identified by September 2012<br>WSP adopted | % of the capital and operational budget spent actually identified for the year in terms of the IDP<br>Office furniture and equipment procured by March 2013<br>Quarterly expenditure reports | Financial resources are effectively managed | All Directorates for quarterly expenditure reports and control of budgets<br>Corporate services on the WSP expenditure |
| Payroll | To ensure good payroll management and implementation | Good payroll administration | Timeous processing of payroll amendments<br>Verification and reconciliations of payroll data<br>Monthly processing of payroll | Good payroll administration | Good payroll administration | Good payroll administration | Good payroll administration | Lack of oversight.<br>Inaccuracies raised in payroll processes | Monthly verification of data | Payroll processing | Monthly & quarterly monitoring reports | Finance |
| Electricity | To ensure financial viability | Less than 3 % leakage | Decrease the electricity losses by 10 % | Decrease the electricity losses by 8% | Decrease the electricity losses by 6 % | Decrease the electricity losses by 4 % | Decrease the electricity losses by 3 % | Electricity leakages have been reduced drastically | Facilitate the Implementation plan | Implement and monitor the implementation plan<br>Quarterly reports to curb 20% losses | | Technical Services |
| Telephones | To ensure financial viability | To ensure proper usage of telephones | To decrease the telephone bill by 25 % | To decrease the telephone bill by 35 % | To decrease the telephone bill by 45 % | To decrease the telephone bill by 55% | To decrease the telephone bill by 65 % | The telephone bill has increased rapidly | Telephone register<br>Printed telephone bills | Monitored monthly telephone usage reports<br>25 % decrease in telephone bill by June 2013 | Good governance | Corporate Services |
| **KPA 5: GOOD GOVERNANCE & PUBLIC PARTICIPATION** | | | | | | | | | | | | |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| **OBJECTIVE: To create an institution that promotes effective and essential good governance practises and encourages effective public participation in all aspects of governance. To build an institution capable of effective delivery with sound administration and good governance practises (cross cutting governance)** | | | | | | | | | | | | |
| Compliance & Good governance practises | To ensure compliance with all legislated deadlines such as MFMA & MSA IDP and budget dates | Audit outcomes do not raise compliance as an management issue | All Directors meet legislated deadlines and submit legislated reports, quarterly PMS, SDBIP reports, S 46, S 72 and annual reports timeously | All Directors meet legislated deadlines and submit legislated reports, quarterly PMS, SDBIP reports, S 46, S 72, and annual reports timeously | All Directors meet legislated deadlines and submit legislated reports, quarterly PMS, SDBIP reports, S 46, S 72 and annual reports timeously | All Directors meet legislated deadlines and submit legislated reports, quarterly PMS, SDBIP reports, S 46, S 72 and annual reports timeously | All Directors meet legislated deadlines and submit legislated reports, quarterly PMS, SDBIP reports, S 46, S 72 and annual reports timeously | Submission of reports is not timeous thereby leading to incomplete and untimeous submission | Adherence to legislated timeframes ad quarterly and monthly report submissions where applicable including service provider and project progress reports | Timeous submission of legislated and quarterly, S 46, S 72 and annual reports and project progress and service provider reports | Good governance | All Directorates to submit reports IPME to facilitate submission of S 46, S 72 and annual report |
| | Attendance and submission of items for all Council , management and Standing committee meetings | 100 % attendance and submission of items for all Council, management and standing committees within reason | 100 % attendance and submission of items for all Council, management and standing committees within reason | 100 % attendance and submission of items for all Council, management and standing committees within reason | 100 % attendance and submission of items for all Council, management and standing committees within reason | 100 % attendance and submission of items for all Council, management and standing committees within reason | 100 % attendance and submission of items for all Council, management and standing committees within reason | Meetings are generally attended but sometimes apologies are not offered. Items are sometimes submitted late and poorly worded | Council meeting schedule and submission dates | Attendance registers | Effective governance | All Directorates |
| Risk management | To comply with the prescribed legislative framework | 100 % developed and implemented departmental risk action plans | 100 % developed and implemented departmental risk action plans including quarterly risk reports | 100 % developed and implemented departmental risk action plans including quarterly risk reports | 100 % developed and implemented departmental risk action plans including quarterly risk reports | 100 % developed and implemented departmental risk action plans including quarterly risk reports | 100 % developed and implemented departmental risk action plans including quarterly risk reports | A risk action plan is developed but in general departments do not develop or implement risk action plans. | Implement the Directorate Risk action mitigation plan developed by the end of July 2012 | % of identified risks identified | Quarterly reports on risks submitted to Council | All Directorates |
| Audit plan | To develop an annual audit action plan | To develop and implement an annual audit action plan based on the comments received from the AG | To develop and implement an annual departmental audit action plan based on comments | To develop and implement an annual departmental audit action plan based on comments | To develop and implement an annual departmental audit action plan based on comments | To develop and implement an annual departmental audit action plan based on comments | To develop and implement an annual departmental audit action plan based on comments | An annual audit action plan is developed and monitored by the IA | AG comments Departmental Audit action plan by March 2013 | % implementation of a directorate audit action plan | Quarterly departmental audit action plan reports | All Directorates |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| | | | received from the AG | received from the AG | received from the AG | received from the AG | received from the AG | | | | | |
| Policies and procedures | To review and implement departmental policies, procedures, procedure manuals and bylaws annually | Constantly reviewed and implemented policies , procedures, procedure manuals and bylaws | Annual review & implement ion of departmental policies, procedures, procedure manuals and bylaws | Annual review and implement ion of departmental policies, procedures, procedure manuals and bylaws | Annual review and implement ion of departmental policies, procedures, procedure manuals and bylaws | Annual review and implement ion of departmental policies, procedures, procedure manuals and bylaws | Annual review and implement ion of departmental policies, procedures, procedure manuals and bylaws | Directorates rely on Corporate Services to review and update policies and bylaws | Identification of policies, procedures and bylaws to be reviewed by September 2012 such as Supply chain, Communication and LED submitted to Council | Reviewed policies, procedures such as supply chain management and bylaws by March 2013<br>Quarterly reports on reviews and implementation including no of fines issued for e.g breaking of waste bylaws | Legal compliance | Corporate Services to facilitate the process<br>All Directorates |
| Delegation register | To promote effective and inspiring governance | Annual updated delegation register | Annually updated delegation register | Annually updated delegation register | Annually updated delegation register | Annually updated delegation register | Annually updated delegation register | The Municipal Manager updates the delegation register on an annual basis | Annual update of delegation register 31 March 2013 | Adopted delegation register<br>Delegation register implemented and monitored | Compliance with delegations | Municipal Manager and All Directorates |
| Secretarial support | To ensure that secretarial support is provided to council | To ensure that Council meetings are properly minuted | All Council meetings to be adequately minuted | All Council meetings to be adequately minuted | All Council meetings to be adequately minuted | All Council meetings to be adequately minuted | All Council meetings to be adequately minuted | Corporate Services currently provides secretariat support for all council meetings | Annual Council schedule of meetings by September 2012 | Minutes of Council meetings<br>Agendas received 7 days prior to meeting | Reports on council resolution progress | Corporate Services |
| Council resolutions | To ensure resolutions taken by Council are implemented | To implement all council resolutions or provide legitimate reasons why the resolution can't be implemented | To implement all council resolutions or provide legitimate reasons why the resolution can't be implemented | To implement all council resolutions or provide legitimate reasons why the resolution can't be implemented | To implement all council resolutions or provide legitimate reasons why the resolution can't be implemented | To implement all council resolutions or provide legitimate reasons why the resolution can't be implemented | To implement all council resolutions or provide legitimate reasons why the resolution can't be implemented | Corporate Services develops and monitors the implementation of the Council resolution register | Council resolution register by September 2012 | Implementation of Council resolutions within 30 days<br>Monthly Council resolution departmental progress reports | Good governance | Corporate Services to develop and monitor the register<br>All Directorates to implement and submit monthly reports |

| Focus Area | Strategy/ Goals | 5 year Target | Annual Target | | | | | Baseline | Input indicator | Output indicator | Outcome Indicator | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| Public participation & stakeholder communication | Ensure ward committees sit on a regular basis<br>To implement the communication strategy | Fully functional ward committees and CDW's | Regular meetings of ward committees | Regular meetings of ward committees | Regular meetings of ward committees | Regular meetings of ward committees | Regular meetings of ward committees | No regular ward committee meetings | Ward meeting schedule | Ward meeting minutes<br>Quarterly municipal publication | Quarterly reports | IPME |
| MPAC | To have a functional MPAC | Functional MPAC | Functional MPAC | Functional MPAC | Functional MPAC | Functional MPAC | Functional MPAC | MPAC is fnctinioning according to legislative mandate | Audit reports | MPAC comments and recommendations on audit reports | Adopted annual report and oversight report | IPME |

## *MUNICIPAL PROJECTS AND BUDGET*

| VOTE | PROJECT | 2012/13 | 2013/14 | 2014/15 |
|---|---|---|---|---|
| 4105 | Vehicles, Plant & Equipment | **10 480 000** | 6 645 000 | 7 090 000 |
| 4106 | Furniture & Office Equipm. | **1 245 000** | 1 240 200 | 1 314 612 |
| 4116 | Cemeteries | **500 000** | 2 000 000 | 2 000 000 |
| 4118 | Fleet Bay | **700 000** | 742 000 | 786 520 |
| 4119 | Fencing: Cemeteries | **500 000** | 500 000 | 500 000 |
| 4120 | Renovations: Community Halls | **650 000** | 1 000 000 | 1 000 000 |
| 4121 | Buildings | **2 000 000** | 2 000 000 | - |
| 4122 | Access Roads | **7 930 180** | 7 953 600 | 6 551 720 |
| 4123 | Bridges | **10 700 000** | 6 131 250 | 16 656 680 |
| 4124 | Sport Facilities | **3 993 570** | 3 500 000 | 3 000 000 |
| 4125 | Solid Waste Sites | **2 000 000** | 7 000 000 | - |
| 4150 | Project: Driver License Train Centre | **1 200 000** | 1 000 000 | - |
| 4151 | Animal Pounds | **500 000** | 500 000 | - |
| 4152 | Community Halls | **1 500 000** | 1 500 000 | 1 500 000 |

## GENERAL EXPENDITURE

| | | | | |
|---|---|---|---|---|
| 2001 | Project: IDP & Budget | **370 000** | 392 200 | 415 732 |
| 2002 | Project: MFMA Implementation | **1 500 000** | 1 500 000 | 1 750 000 |
| 2005 | Project: MIG PMU | **1 401 250** | 1 478 150 | 1 563 600 |
| 2007 | Project: Performance Management Syst | **1 000 000** | 1 060 000 | 1 123 600 |
| 2011 | Project: Neighbourhood Dev Partners | **2 300 000** | - | - |
| 2015 | Project: Asset Register | **500 000** | 500 000 | 650 000 |
| 2027 | Project: Valuation Roll | **250 000** | 265 000 | 280 900 |
| 2031 | Project: Musong Road | **1 221 790** | 1 295 097 | 1 372 803 |
| 2033 | Local Economic Development | **400 000** | 424 000 | 449 440 |
| 2036 | Project: SPU | **400 000** | 424 000 | 449 440 |
| 2205 | Pauper Burials | **3 180** | 3 371 | 3 573 |
| 2209 | OHS / EAP Costs | **100 000** | 106 000 | 112 360 |
| 2210 | Ward Committees | **1 440 000** | 1 526 400 | 1 617 984 |
| 2212 | Animal Control | **2 332** | 2 472 | 2 620 |
| 2215 | Free Basic Services | **16 422 019** | 17 407 340 | 18 451 781 |
| 2233 | Training | **663 504** | 703 314 | 745 513 |
| 2241 | Web Site | **100 000** | 106 000 | 112 360 |
| 2242 | Fleet Management | **600 000** | 636 000 | 674 160 |
| 2248 | Tourism | **600 000** | 636 000 | 674 160 |
| 2251 | Communication | **880 000** | 932 800 | 988 768 |

REPAIRS & MAINTENANCE

| | | | | |
|---|---|---|---|---|
| 3001 | Project: Job Creation | **5 000 000** | 5 300 000 | 5 618 000 |

5 Year Construction Infrastructure Plan

| Number | Description | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | Funder |
|---|---|---|---|---|---|---|---|---|
| 1026 | Access roads Ward 7,8 ,9 & 12 | 6,808,722 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1038 | Access Roads Ward 4,5 &6 | 3,080,922 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1049 | Kwezi Naledi stormwater | 4,493,853 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1088 | Solid waste site Sterkspruit | 2,303,585 | Part of 2 000 000 | 0 | 0 | 0 | 0 | MIG |
| 1040 | Sterkspruit taxi rank | 500,000 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1042 | Transwilger bridge | 2,500,000 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1089 | Sports facilities Barkly East | 1,476,864 | 0 | 3 500 000<br><br>W 19 | 0 | 0 | 0 | MIG |
| 1025 | Cemeteries | 1,689,468 | 500 000<br><br>W 16 Barkly East | 2 000 000<br><br>W 10 | 2 000 000<br><br>W 11 | 2 000 000 | 1 500 000 | MIG |
| 1033 | Sports facilities Sterkspruit | 0 | 3 993 570<br><br>W 10 | 0 | 0 | 0 | 0 | MIG |
| 1034 | Upgrading & lighting of sportsfield Kwezi Naledi | 1,075,490 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1036 | Community halls | 0 | 1 500 000<br><br>W 16 Rhodes | 1 500 000<br><br>W3 | 1 500 000<br><br>W 9 | 3 000 000<br><br>W 12 & 18 | 0 | MIG |
| 1035 | Solid waste site Rossouw | 0 | Part of 2 000 000<br><br>W 15 | 0 | 0 | 0 | 0 | MIG |
| 1035 | Solid waste site Rhodes | 0 | Part of 2 000 000<br><br>W 16 | 0 | 0 | 0 | 0 | MIG |
| 1035 | Solid waste site Herschel | 1,392,313 | Part of R 2 000 000<br><br>W 11 | 0 | 0 | 0 | 0 | MIG |
| 1090 | Mokhesi taxi bus route (future project) | 0 | 0 | 0 | 0 | 0 | 0 | MIG UF |
| 1091 | Pounds (future project | 0 | 0 | 0 | 0 | 0 | 0 | MIG UF |
| 1037 | PMU | | 1 401 250 | 1 478 150 | 1 563 600 | 657 400 | 1 756 850 | MIG |
| 1001 | Electrical rehabilitation | 3,000,000 | 0 | 0 | 0 | 0 | 0 | MIG |

| Number | Description | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | Funder |
|---|---|---|---|---|---|---|---|---|
| 1050 | Road surfacing Sterkspruit, Lady Grey & Barkly East | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1047 | Office construction | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1019 | Plastics Project | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1072 | Road surfacing Sterkspruit | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1049 | Storm water control Kwezi Naledi | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1023 | Land acquisition | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1038 | Maintenance of roads Wards 4,5 &6 | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1070 | Call centre | 500,000 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1092 | Sterkspruit land audit | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1093 | Title deed transfer | 0 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1066 | Mass job creation | 5,000,000 | | | | | | MIG |
| 1075 | Surfacing of Mlamli hospital road | 20,000,000 | | | | | | UF |
| 1094 | Surfacing of Holo Hlahatsi dam road | 11,800,000 | 0 | 0 | 0 | 0 | 0 | UF |
| 1074 | Surfacing of Musong road | 3,385,000 | 0 | 0 | 0 | 0 | 0 | MIG |
| 1038 | Access roads Wards 4,5&6 | 0 | 0 | 0 | 0 | 0 | 0 | UF |
| 1026 | Access roads Wards 7,8,9 & 12 | 0 | 0 | 0 | 0 | 0 | 0 | UF |
| 1027 | Access Roads Wards 1,2, &3 | 0 | 0 | 0 | 0 | 0 | 0 | UF |
| 1037 | Access roads Wards 10,11 & 12 | 0 | 0 | 0 | 0 | 0 | 0 | UF |
| 1043 | Construction of 15 shearing sheds | 0 | 0 | 0 | 0 | 0 | 0 | UF |
| 1036 | 26 Community centres | 0 | 0 | 0 | 0 | 0 | 0 | UF |
| 1065 | Sterkspruit Sewerage Treatment works | R 9,000,000 | 0 | 0 | 0 | 0 | 0 | NGDP (UF) |
| 1065 | Sterkspruit settlement upgrade | R 18,175,156.80 | 0 | 0 | 0 | 0 | 0 | NGDP (UF) |
| 1065 | Sterkspruit formalisation of quitrent | R 368,676 | 0 | 0 | 0 | 0 | 0 | NGDP (UF) |
| 1095 | Access Roads | | 7 930 000<br>W 19,1,3,4,6 | 7 953 600<br>W5,8,9,12 | 6 551 720<br>W 13,15,17 | 20 000 000 | 30 000 000 | MIG |

| Number | Description | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | Funder |
|---|---|---|---|---|---|---|---|---|
| 1096 | Bridges | 0 | 10 700 00 0<br><br>W 5, 14 | 6 131 250<br><br>W 3,4 | 16 656 680 | 3 343 320<br><br>W5,6,7,17,1 8 | 0 | MIG |
| 1097 | Sportsfields | 0 | 0 | 0 | 3 000 000<br><br>W 13 | 3 000 000<br><br>W 2 | | MIG |

## MIG

| | | 2012/ 2013 BUDGET | 2013/ 2014 BUDGET | 2014/ 2015 BUDGET |
|---|---|---|---|---|
| **MIG Capital Projects** | | | | |
| 4600/4122/0000 | Access Roads | 7 930 180 | 7 953 600 | 6 551 720 |
| 4600/4123/0000 | Bridges | 10 700 000 | 6 131 250 | 16 656 680 |
| 5301/4152/0000 | Community Halls | 1 500 000 | 1 500 000 | 1 500 000 |
| 5302/4116/0000 | Cemeteries | 500 000 | 2 000 000 | 2 000 000 |
| 5450/4124/0000 | Sport Facilities | 3 993 570 | 3 500 000 | 3 000 000 |
| 5500/4125/0000 | Solid Waste Sites | 2 000 000 | 7 000 000 | - |
| | | 26 623 750 | 28 084 850 | 29 708 400 |
| **MIG Operational Portion** | | | | |
| 4150/2005/0000 | Project: MIG PMU | **1 401 250** | 1 478 150 | 1 563 600 |
| **Total MIG Allocation** | | **28 025 000** | **29 563 000** | **31 272 000** |

## Joe Gqabi District Municipality Projects

| Number | Description | Total Cost | 2011/12 | 2012/13 | 2013/14 | Funder |
|---|---|---|---|---|---|---|
| | Barkly East bucket eradication | 2,744,705 | 0 | 0 | 0 | MIG |
| | Lady Grey Kwezi Naledi sanitation | 3,508,772 | 1,500,000 | 1,000,000 | 0 | MIG |
| | Barkly East 802 Housing bulk infrastructure | 500,000 | 500,000 | 0 | 0 | MIG |
| | Upgrading of bulk water infrastructure Sterkspruit | | 15,000,000 | 3,000,000 | 0 | MIG |
| | Lady Grey bulk water infrastructure | | 10,000,000 | 10,000,000 | 0 | MIG |
| | Sterkspruit | | 0 | 0 | 0 | MIG |

| Number | Description | Total Cost | 2011/12 | 2012/13 | 2013/14 | Funder |
|---|---|---|---|---|---|---|
| | upgrading of WTW and bulk lines | | | | | |

## ITP Projects

| Project | Budget | | | Funded | Proposed Funder | Plan |
|---|---|---|---|---|---|---|
| | 2010/11 | 2011/12 | 2012/13 | | | |
| Bokspruit bridge | | 3,94 | | No | DORT | JGDM ITP |
| Maartenshoek Road | | 2,56 | | No | DORT | JGDM ITP |
| Rhodes to Barkly East | 5 M | | | No | DORT | JGDM ITP |
| Musong | 3 M | 10 M | | No | DORT | JGDM ITP |
| Sterkspruit main taxi rank | 16m | | | No | DORT | JGDM ITP |
| Lady Grey sidewalks | 1,2 M | | | No | DORT | JGDM ITP |
| Sterkspruit taxi stops | 4,68 M | | | No | DORT | JGDM ITP |
| Barkly East Taxi rank | 0.96 m | | | No | DORT | JGDM ITP |
| Sterksruit taxi stops in Rietfontein, Silindini, Ntsimekweni, Rockcliff, Skizana, Mokaesi, Ninanna, Phelandaba, Macaguma,Manxeba, Nomlenyana, Ndotela and Nkopane | 4,68 M | | | No | DORT | JGDM ITP |
| Senqu pedestrian projects | 1,8 M | | | No | DORT | JGDM ITP |
| Access roads in Wards 1,2,3( Phase 1 | 8.9 M | | | No | DORT | JGDM ITP |
| Access roads in Wards 4,5,6 | 7.5 M | | | No | DORT | JGDM ITP |
| Access roads in wards 7,8,9,12 (Phase 3) | 8.5.m | | | No | DORT | JGDM ITP |

### Department of Rural Development & Agrarian Reform

| PROJECT LOCATION | PROJECT NAME | LAND TENURE | DESCRIPTION | ESTIMATED BUDGET 2012/13 |
|---|---|---|---|---|
| Phelendaba | Livestock | Communal | Fencing, Gabion structures & stock water system | R 700 000, |

| | | | | |
|---|---|---|---|---|
| Lady Grey | Middelplaats | LRAD | Stock water system | R 200,000 |
| Rossouw | Mangali/ Sunfox | LRAD | Fencing, stock water system & animal handling facilities | R 1,000,000 |
| Sterkspruit | Thaba Lesoba | Communal | Shearing shed & equipment | R 500,000 |
| Sterkspruit | Sterkspruit Wool growers Association | Communal | Renovation of shearing shed | R 500,000 |
| Barkly East | Matuba-tuba/ Shanklin | LRAD | Fencing, Stock water system & animal handling facilities | R800 000.00 |

**Department of Human Settlement**

| Project | No of Houses 2011/12 |
|---|---|
| Rossouw | 100 |
| Rhodes | 200 |

**Department of Roads and Public Works**

- Household Contractors 300 households
- Routine road maintenance R 2,332 000 in Sterkspruit & Herschel
- Routine Road maintenance of provincial gravel roads (860km) not in Sterkspruit & Herschel R 5,328 000
- Emergency regravelling of DR 08606 from Mlamli Hospital to Sterkspruit R 8,500 000
- Emergency re-gravelling of DR08520 R 4,408,000
- Flood damage DR 08514 R 2,592 000
- Routine Road Maintenance of tarred roads except the R 58 R 5,000,000

ESKOM

| PROJECT | CONNECTIONS 2012/13 | CONNECTIONS 2013/14 | CONNECTIONS 2014/15 | COSTS 2012/13 | COSTS 2013/14 | COSTS 2013/14 |
|---|---|---|---|---|---|---|
| Senqu W 6, 9 & 10 extensions | 191 | 308 | 401 | R 2 674 000.00 | R 5 091 240.00 | R 6 215 500.00 |
| Senqu W 1, 7 & 8 | 127 | 417 | 543 | R 1 778 000.00 | R 6 893 010.00 | R 8 416 500.00 |
| Senqu W 4, & 5 | 127 | 277 | | R 1 778 000.00 | R 4 578 810.00 | |
| Rosseau | | | 205 | | | R 3 388 650.00 |
| Total | 445 | 1002 | | R 6 230 000.00 | R16 563 060.00 | R10 286 751.00 |

**Department of Environmental Affairs**

| PROJECT | Area | COSTS |
|---|---|---|
| Land rehabilitation project | Holo Hlahatsi | R 12 000 000 |
| Tenahead Lodge and Mountain Reserve project | Ward 2 | R 15 000 000 |

**Department of Education**

Projects

1. QUALITY LEARNING AND TEACHING CAMPAIGN
2. EDUCATION SOCIAL SUPPORT PROGRAMS
3. MANAGEMENT AND GOVERNANCE OF SCHOOLS

**Department of Safety & Liaison**

Programmes of the Department

- Service delivery evaluation at Police stations ( the oversight role)
- Social Crime Prevention initiatives(Community mobilization against crime through Community Safety Forums and Community Police Forums)
- Attendance to Cross Border Crimes
- Safer School Programmes
- Ensuring functionality of CPF's and CSF

DRAFT OPERATIONAL PLAN 2012/2013

| | |
|---|---|
| Accountability meetings with the Community | Palmietfontein<br>Barkly East |
| Evaluation and monitoring of police stations | Sterkspruit<br>Barkly East |
| Unannounced visits to identified Police Stations | Palmietfontein |
| Public education – community mobilization against crime<br>Siyakhusela projects | |
| Support of District and Local Community Safety Forums' programmes | |
| Safer Schools Programmes at identified schools | |

**Department of Sports, Arts & Culture**

| Museums and Heritage | | | | | | |
|---|---|---|---|---|---|---|
| **Activities** | **Description** | **Timeframe Start** | **End** | **Budget** | **Area/ward** | **Number of beneficiaries** |
| International Museums Day | To implement the establishment, development of living heritage, oral tradition and geographical place naming | July 2012 | August 2012 | Provincial budget | Senqu | Senqu community |
| District Geographical Name Change | To implement the establishment of geographical place naming | April 2012 | September 2012 | Provincial budget | Joe Gqabi District | Senqu community |
| **Library and Information Services** | | | | | | |
| World Book Day Campaign | To promote use of libraries and culture of reading | April 2012 | June 2012 | R20 000 | Senqu | Senqu community |
| International Literacy Day | To promote use of libraries and culture of reading | August 2012 | September 2012 | R20 000 | Lady Grey | Lady Grey community |
| Installation of Modular Library | Infrastructure development | •Purchased and waiting for delivery<br>•Readiness of municipality in provision of | | R580 000 | Herschel | Herschel community |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | electricity, toilets and water | | | | |
| Building of new library | Infrastructure development | April 2012 | March 2013 | ±R9m | Sterkspruit | Sterkspruit community |
| Purchasing of Library material | To promote use of libraries and culture of reading | April 2012 | March 2013 | R250 000 | Senqu libraries | |
| Purchasing of Library material(new library) | To promote use of libraries and culture of reading | April 2012 | March 2013 | ±R1m | Sterkspruit | |
| Recruitment of 5 librarians | Recruitment | April 2012 | March 2013 | | Senqu libraries | |
| **Arts and Culture** | | | | | | |
| Visual arts and craft Exhibition (NAF Selections) | Performance programmes offered to develop acclaimed and upcoming artists. | 01/04/2012 | 31/05/2012 | | Barkly East | Crafters |
| Visual art and Craft administration workshop | Capacity building programmes | 01/07/2012 | 31/09/2012 | Ecpacc funding | Sterkspruit | Crafters |
| Dance and Drama workshop | Capacity building programmes | 01/04/2012 | 30/09/2012 | | Lady Grey | Artists |
| **SPECIAL PROGRAMMES UNIT** | | | | | | |
| Elderly day and orphans celebration | Awareness campaigns | August 2012 | October 2012 | R10 000 | Sterkspruit | Elderly people |
| | | | | | | |

| PROJECT | Area |
|---|---|
| 2 soccer fields for youth development against violence through sport | Rural areas of Senqu |

### Department of Local Government & Traditional Affairs (IYA Poverty Alleviation Projects)

| Project name | Description | Members | Status | Village | Ward |
|---|---|---|---|---|---|
| Pele ea Pela Poultry Project | Poultry Production | 10 | Functional | Hohobeng | 3 |
| Nomzamomhle Poultry Project | Poultry Production | 15 | Functional | Hinana | 9 |
| Inkwenkwezi Poultry project | Poultry Production | 15 | Functional | Phelandaba | 15 |

### Department of Health

- DEPARTMENTS PLAN AND BUDGET FOR 2012-2013
- TOTAL CLINIC BUDGET PROJECTION = R 14 550 000.00

- BUILDING MAINTENANCE = R100 000.00
- SAFEGUARD & SECURITY = R 4 020 000.00
- MUNICIPAL SERVICES = R249  600.00
- ESKOM R198 000.00

**Department of Social Development**

| PROJECT NAME | MUNICIPALITY | AREA/ WARD | BUDGET 2012/13 |
|---|---|---|---|
| Sterkspruit Teenage Against Drug Abuse | Senqu | Senqu | R110 000 |
| Sempete-lena Service Centre | Senqu | 17 | R144 000 |
| Phuthanang Service Centre | Senqu | 10 | R70 000 |
| Morning Star Service Centre | Senqu | 18 | R70 000 |
| Thembelihle Service Centre | Senqu | 13 | R100 000 |
| Siyaphambili  Service Centre | Senqu | 14 | R64 000 |
| Luvelwano Service Centre | Senqu | 9 | R60 000 |
| Masibambisane Service Centre | Senqu | 19 | R60 000 |
| Leratong Service Centre | Senqu | 18 | R80 000 |
| Lukhanyo Childrens Home | Senqu | 11 | R487 500 |
| Nompumelelo Pre School | Senqu | 4 | R123 750 |
| Sakhakude Pre School | Senqu | 15 | R61 875 |
| Noluncedo Pre School | Senqu | 15 | R108 900 |
| Noncedo 1 Pre School | Senqu | 18 | R61 875 |
| Noncedo 2 Pre School | Senqu | 5 | R96 525 |
| Masibulele Pre School | Senqu | 18 | R74 250 |
| Thembelihle Pre School | Senqu | 5 | R106 425 |
| Sinethemba Pre School | Senqu | 4 | R108 900 |
| Siyakhula Pre School | Senqu | 8 | R108 900 |
| Ndofela Pre School | Senqu | 11 | R61 875 |
| Vulindlela Pre School | Senqu | 18 | R61 875 |
| Noluya Pre  School | Senqu | 11 | R99 000 |
| Tugela Pre School | Senqu | 11 | R51 975 |
| Sunduza Pre School | Senqu | 17 | R103 950 |
| Reamohetswe Pre School | Senqu | 12 | R71 775 |
| Transwilger Pre School | Senqu | 14 | R74 250 |
| Luyolo Pre School | Senqu | 14 | R74 250 |
| Sebabatso Pre School | Senqu | 5 | R61 875 |
| Khanya Pre School | Senqu | 8 | R74 250 |
| Sondelani Pre School | Senqu | 10 | R74 250 |
| Sibabalwe Pre School | Senqu | 12 | R74 250 |
| Barkly East Child Welfare Pre School | Senqu | 12 | R74 250 |

| | | | |
|---|---|---|---|
| Rhodes Pre School | Senqu | 12 | R74 250 |
| Bhongolethu Pre School | Senqu | 1 | R61 875 |
| Macacuma  Victim Support Centre | Senqu | 7 | R90 000 |
| Sterkspruit Victim Support Centre | Senqu | 10 | R85 000 |
| Lady Grey HCBC | Senqu | 14 | R269 298 |
| Sinobomi Wellness HIV&AIDS Information Centre | Senqu | 11 | R269 298 |
| Masiphilisane Home Based Care | Senqu | 19 | R269 298 |
| Empilweni Community Health Care Centre | Senqu | 6 | R269 298 |
| Masabelane Education For Life Group | Senqu | 11 | R269 298 |

| PROJECT NAME | MUNICIPALITY | AREA/ WARD | BUDGET 2012/13 |
|---|---|---|---|
| Masiphile Senqu Youth Centre | Senqu | Sterkspruit | R 300 000 |
| Telle Bridge Liberation Route | Senqu | Qhoboshane Village | R 1 090 500 |
| Kgatelo Pele Project | Senqu | Bensonvale | R 1 200 000 |
| Lukhanyo Veg and Crop Production Primary Co-operative | Senqu | Skisazana Village | R 545 250 |
| Bebeza Community Garden | Senqu | Bebeza Village | R 545 250 |
| Masabelane Education for Life Group | Senqu | Hershel | R 100 000 |
| O.R. Tambo Development Centre | Senqu | New Rest | R330 000 |
| Mgxojeni Poultry | Senqu | Macacuma | R270 000 |
| Rhodes Masakhane | Senqu | Rhodes | R 250 000 |

**Department of Economic Development, Environmental Affairs and Tourism DEDEAT**

| **Project Name** | **Description** | **Number of beneficiaries** | **Area/Ward** | **Budget** |
|---|---|---|---|---|
| Senqu Financial Services Co-operative | This is a merger of two existing Financial Services Co-operatives (FSCs) namely Gijima and Ilingelethu Financial Services Co-operatives in Sterkspruit to pilot the concept of co-operative bank for the Eastern Cape Province. | 365 | Sterkspruit | R3m (based on estimated costs) |

# CHAPTER NINE: FINANCIAL PLAN 2011- 2014

## 1 . 5 YEAR FINANCIAL PLAN

### 1.1 Introduction

In general usage a financial plan is a budget, in other words a plan for spending and saving future income. This plan allocates future income to various types of expenses, such as salaries, insurances and also reserves some income for short term and long term savings. A financial plan is also an investment plan, which allocates savings to various assets or projects expected to produce future income.

The Vision of the Budget and Treasury office is to ensure the financial management of the resources of Senqu Municipality to ensure sustainable and equitable service delivery to all the residents of the municipality. This is supported by our mission that commits the department to render sound financial management of the assets, liabilities, revenue and expenditure of the municipality on behalf of the community of Senqu Municipality.

In order to achieve the above the following focus areas will be maintained and worked towards:

To ensure efficient and effective financial management, the Department of Financial Services performs the following key tasks:

- Revenue Collection/Income Generation Expenditure And Control
- Budgeting
- Accounting And Reporting Information Technology Assets And Stores
- Motor Licensing

### 1.2 Capital & Operating Budget

The five-year financial plan includes an Operating Budget and Capital Investment Programme for the five years ending June 2017.

a) Budget Assumptions

The Following are some of the key budget assumptions that was taken into consideration prior to the drafting of the budget

External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2013 will minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

Interest rates for borrowing and investment of funds

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (86 per cent) of annual billings. Cash flow is assumed to be 86 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Salary increases

There is no collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 58 of National Treasury was used to budget accordingly.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national

strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget

b) Operating Budget

Table F1 details the Operating Budget for the five years staring 1 July 2012 and ending 30 June 2017

**Table Operating Budget**

**EC142 Senqu - Table A4 Budgeted Financial Performance (revenue and expenditure)**

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | | LTFS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Forecast 2015/16 | Forecast 2016/17 |
| **Revenue By Source** | | | | | | | | | | | | | |
| Property rates | 2 | 3 147 | 3 938 | 4 197 | 3 702 | 4 174 | 4 174 | 4 174 | 4 425 | 4 690 | 4 972 | 5 345 | 5 692 |
| Property rates - penalties & collection charges | | – | – | – | – | – | – | – | – | – | – | | |
| Service charges - electricity revenue | 2 | 5 062 | 7 888 | 12 156 | 15 866 | 18 922 | 18 922 | 18 922 | 19 157 | 20 307 | 21 525 | 23 139 | 24 643 |
| Service charges - water revenue | 2 | – | 1 758 | 1 843 | 1 849 | 2 298 | 2 298 | 2 298 | 2 436 | 2 582 | 2 737 | 2 943 | 3 134 |
| Service charges - sanitation revenue | 2 | – | 765 | 906 | 1 002 | 1 032 | 1 032 | 1 032 | 1 093 | 1 159 | 1 229 | 1 321 | 1 407 |
| Service charges - refuse revenue | 2 | 1 533 | 1 626 | 1 749 | 2 274 | 2 049 | 2 049 | 2 049 | 2 171 | 2 302 | 2 440 | 2 623 | 2 793 |
| Service charges - other | | – | 6 761 | 9 286 | 9 735 | 9 735 | 9 735 | 9 735 | 10 319 | 10 938 | 11 594 | 12 464 | 13 274 |
| Rental of facilities and equipment | | 301 | 541 | 375 | 211 | 267 | 267 | 267 | 283 | 300 | 318 | 342 | 364 |
| Interest earned - external investments | | 7 733 | 5 087 | 4 915 | 4 800 | 6 400 | 6 400 | 6 400 | 6 000 | 6 360 | 6 742 | 7 247 | 7 718 |
| Interest earned - outstanding debtors | | 556 | 919 | 1 137 | 1 085 | 852 | 852 | 852 | 903 | 957 | 1 015 | 1 091 | 1 162 |
| Dividends received | | – | – | – | – | – | – | – | – | – | – | | |
| Fines | | 86 | 54 | 69 | 20 | 25 | 25 | 25 | 25 | 27 | 28 | 30 | 32 |
| Licences and permits | | 1 322 | 880 | 814 | 640 | 840 | 840 | 840 | 840 | 890 | 944 | 1 015 | 1 081 |
| Agency services | | 682 | 803 | 600 | 479 | 560 | 560 | 560 | 561 | 594 | 630 | 677 | 721 |
| Transfers recognised - operating | | 53 768 | 60 489 | 103 353 | 89 611 | 125 317 | 125 317 | 125 317 | 99 545 | 102 218 | 111 010 | 119 336 | 127 092 |
| Other revenue | 2 | 1 162 | 361 | 1 132 | 234 | 720 | 720 | 720 | 408 | 433 | 459 | 493 | 525 |
| Gains on disposal of PPE | | – | 409 | – | – | – | – | – | – | – | – | | |
| **Total Revenue (excluding capital transfers and contributions)** | | **75 352** | **92 278** | **142 534** | **131 508** | **173 191** | **173 191** | **173 191** | **148 167** | **153 757** | **165 641** | **178 064** | **189 639** |
| **Expenditure By Type** | | | | | | | | | | | | | |
| Employee related costs | 2 | 19 727 | 29 383 | 34 733 | 41 159 | 45 460 | 45 460 | 45 460 | 49 846 | 53 585 | 57 604 | 61 924 | 65 949 |
| Remuneration of councillors | | 6 239 | 6 807 | 7 159 | 8 890 | 8 565 | 8 565 | 8 565 | 9 056 | 9 735 | 10 466 | 11 251 | 11 982 |
| Debt impairment | 3 | 2 309 | 2 332 | 1 333 | 5 404 | 5 265 | 5 265 | 5 265 | 5 580 | 5 915 | 6 270 | 6 740 | 7 179 |
| Depreciation & asset impairment | 2 | – | 8 433 | 10 811 | 10 391 | 13 029 | 13 029 | 13 029 | 13 810 | 14 639 | 15 517 | 16 681 | 17 765 |
| Finance charges | | – | 681 | 1 571 | 1 000 | 1 915 | 1 915 | 1 915 | 2 319 | 2 458 | 2 605 | 2 801 | 2 983 |
| Bulk purchases | 2 | 7 362 | 10 328 | 12 495 | 17 303 | 17 303 | 17 303 | 17 303 | 20 072 | 21 276 | 22 552 | 24 244 | 25 820 |
| Other materials | 8 | – | – | – | – | – | – | – | – | – | – | | |
| Contracted services | | – | – | – | – | – | – | – | – | – | – | | |
| Transfers and grants | | 560 | 397 | 799 | 300 | 734 | 734 | 734 | 333 | 334 | – | | |
| Other expenditure | 4, 5 | 27 480 | 33 171 | 51 647 | 37 381 | 72 045 | 72 045 | 72 045 | 43 190 | 42 694 | 45 539 | 48 955 | 52 137 |
| Loss on disposal of PPE | | 8 | 2 414 | 458 | – | – | – | – | – | – | – | | |
| **Total Expenditure** | | **63 685** | **93 946** | **121 005** | **121 828** | **164 315** | **164 315** | **164 315** | **144 207** | **150 636** | **160 554** | **172 596** | **183 814** |
| **Surplus/(Deficit)** | | **11 668** | **(1 667)** | **21 529** | **9 680** | **8 876** | **8 876** | **8 876** | **3 959** | **3 121** | **5 087** | **5 469** | **5 824** |
| Transfers recognised - capital | | 12 137 | 33 626 | 14 619 | 21 947 | 22 091 | 22 091 | 22 091 | 26 624 | 28 085 | 29 708 | 31 937 | 34 012 |
| Contributions recognised - capital | 6 | – | – | – | – | – | – | – | – | – | – | | |
| Contributed assets | | – | – | – | – | – | – | – | – | – | – | | |
| **Surplus/(Deficit) after capital transfers & contributions** | | **23 804** | **31 958** | **36 148** | **31 627** | **30 967** | **30 967** | **30 967** | **30 583** | **31 205** | **34 796** | 37 405 | 39 837 |
| Taxation | | – | – | – | – | – | – | – | – | – | – | | |
| **Surplus/(Deficit) after taxation** | | **23 804** | **31 958** | **36 148** | **31 627** | **30 967** | **30 967** | **30 967** | **30 583** | **31 205** | **34 796** | 37 405 | 39 837 |
| Attributable to minorities | | – | – | – | – | – | – | – | – | – | – | | |
| **Surplus/(Deficit) attributable to municipality** | | **23 804** | **31 958** | **36 148** | **31 627** | **30 967** | **30 967** | **30 967** | **30 583** | **31 205** | **34 796** | 37 405 | 39 837 |
| Share of surplus/ (deficit) of associate | 7 | – | – | – | – | – | – | – | – | – | – | | |
| **Surplus/(Deficit) for the year** | | **23 804** | **31 958** | **36 148** | **31 627** | **30 967** | **30 967** | **30 967** | **30 583** | **31 205** | **34 796** | **37 405** | **39 837** |

c) Capital Budget

Table F2 details the estimated Capital Investment Programme for the five years starting 1 July 2012 and ending 30 June 2017. The Capital Investment Programme remains subject to the availability of funding.

**Table F2 Capital Investment Programme**

EC142 Senqu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | | LTFS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Forecast 2015/16 | Forecast 2016/17 |
| Capital expenditure - Vote | | | | | | | | | | | | | |
| Multi-year expenditure *to be appropriated* | 2 | | | | | | | | | | | | |
| Single-year expenditure *to be appropriated* | 2 | | | | | | | | | | | | |
| Vote 1 - Executive & Council | | 222 | 656 | 1 289 | 150 | 150 | 150 | 150 | 1 000 | 212 | 225 | 233 | 237 |
| Vote 2 - Planning & Development | | 67 | 1 886 | 1 071 | 100 | 56 | 56 | 56 | 350 | 159 | 169 | 174 | 178 |
| Vote 3 - Corporate Services | | 13 | 8 193 | 9 546 | 850 | 550 | 550 | 550 | 900 | 954 | 1 011 | 1 047 | 1 068 |
| Vote 4 - Budget & Treasury | | 76 | 551 | 779 | 450 | 534 | 534 | 534 | 500 | 530 | 562 | 581 | 593 |
| Vote 5 - Road Transport | | 10 146 | 32 056 | 16 705 | 18 405 | 20 698 | 20 698 | 20 698 | 27 905 | 20 557 | 29 033 | 30 049 | 30 650 |
| Vote 6 - Waste Water Management | | 5 264 | – | – | 4 000 | 12 604 | 12 604 | 12 604 | – | – | – | – | – |
| Vote 7 - Housing | | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 8 - Health | | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 9 - Community & Social Services | | 1 649 | 99 | 111 | 3 200 | 615 | 615 | 615 | 3 150 | 5 000 | 5 000 | 5 175 | 5 279 |
| Vote 10 - Sport & Recreation | | 335 | 25 | – | 3 962 | 2 918 | 2 918 | 2 918 | 3 994 | 3 500 | 3 000 | 3 105 | 3 167 |
| Vote 11 - Public Safety | | 446 | – | – | – | – | – | – | 500 | 500 | – | – | – |
| Vote 12 - Electricity | | 270 | 458 | 2 229 | 3 061 | 1 561 | 1 561 | 1 561 | 805 | 853 | 904 | 936 | 955 |
| Vote 13 - Waste Management | | 735 | 17 | 112 | 4 996 | 1 372 | 1 372 | 1 372 | 4 050 | 8 775 | 1 900 | 1 967 | 2 006 |
| Vote 14 - Water | | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 15 - Other | | – | – | – | – | – | – | – | – | – | – | – | – |
| Capital single-year expenditure sub-total | | 19 223 | 43 941 | 31 841 | 39 173 | 41 058 | 41 058 | 41 058 | 43 154 | 41 040 | 41 804 | 43 267 | 44 133 |
| Total Capital Expenditure - Vote | | 19 223 | 43 941 | 31 841 | 39 173 | 41 058 | 41 058 | 41 058 | 45 154 | 43 040 | 41 804 | 43 267 | 44 133 |
| Capital Expenditure - Standard | | | | | | | | | | | | – | – |
| *Governance and administration* | | 311 | 9 400 | 11 614 | 1 450 | 1 234 | 1 234 | 1 234 | 4 400 | 3 696 | 1 798 | 1 861 | 1 898 |
| Executive and council | | 222 | 656 | 1 289 | 150 | 150 | 150 | 150 | 1 000 | 212 | 225 | 233 | 237 |
| Budget and treasury office | | 76 | 551 | 779 | 450 | 534 | 534 | 534 | 500 | 530 | 562 | 581 | 593 |
| Corporate services | | 13 | 8 193 | 9 546 | 850 | 550 | 550 | 550 | 2 900 | 2 954 | 1 011 | 1 047 | 1 068 |
| *Community and public safety* | | 2 430 | 124 | 111 | 7 162 | 3 533 | 3 533 | 3 533 | 7 644 | 9 000 | 8 000 | 8 280 | 8 446 |
| Community and social services | | 1 649 | 99 | 111 | 3 200 | 615 | 615 | 615 | 3 150 | 5 000 | 5 000 | 5 175 | 5 279 |
| Sport and recreation | | 335 | 25 | – | 3 962 | 2 918 | 2 918 | 2 918 | 3 994 | 3 500 | 3 000 | 3 105 | 3 167 |
| Public safety | | 446 | – | – | – | – | – | – | 500 | 500 | – | – | – |
| Housing | | – | – | – | – | – | – | – | – | – | – | – | – |
| Health | | – | – | – | – | – | – | – | – | – | – | – | – |
| *Economic and environmental services* | | 10 213 | 33 942 | 17 776 | 18 505 | 20 754 | 20 754 | 20 754 | 28 255 | 20 716 | 29 202 | 30 224 | 30 828 |
| Planning and development | | 67 | 1 886 | 1 071 | 100 | 56 | 56 | 56 | 350 | 159 | 169 | 174 | 178 |
| Road transport | | 10 146 | 32 056 | 16 705 | 18 405 | 20 698 | 20 698 | 20 698 | 27 905 | 20 557 | 29 033 | 30 049 | 30 650 |
| Environmental protection | | – | – | – | – | – | – | – | – | – | – | – | – |
| *Trading services* | | 6 269 | 475 | 2 341 | 12 056 | 15 537 | 15 537 | 15 537 | 4 855 | 9 628 | 2 804 | 2 903 | 2 961 |
| Electricity | | 270 | 458 | 2 229 | 3 061 | 1 561 | 1 561 | 1 561 | 805 | 853 | 904 | 936 | 955 |
| Water | | – | – | – | – | – | – | – | – | – | – | – | – |
| Waste water management | | 5 264 | – | – | 4 000 | 12 604 | 12 604 | 12 604 | – | – | – | – | – |
| Waste management | | 735 | 17 | 112 | 4 996 | 1 372 | 1 372 | 1 372 | 4 050 | 8 775 | 1 900 | 1 967 | 2 006 |
| *Other* | | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure - Standard | 3 | 19 223 | 43 941 | 31 841 | 39 173 | 41 058 | 41 058 | 41 058 | 45 154 | 43 040 | 41 804 | 43 267 | 44 133 |
| Funded by: | | | | | | | | | | | | – | – |
| National Government | | 12 137 | 20 730 | 14 514 | 21 947 | 22 007 | 22 007 | 22 007 | 26 624 | 28 085 | 29 708 | 30 748 | 31 363 |
| Provincial Government | | – | 12 896 | 105 | – | 84 | 84 | 84 | – | – | – | – | – |
| District Municipality | | – | – | – | – | – | – | – | – | – | – | – | – |
| Other transfers and grants | | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfers recognised - capital | 4 | 12 137 | 33 626 | 14 619 | 21 947 | 22 091 | 22 091 | 22 091 | 26 624 | 28 085 | 29 708 | 30 748 | 31 363 |
| Public contributions & donations | 5 | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing | 6 | – | 8 337 | 16 481 | – | – | – | – | – | – | – | – | – |
| Internally generated funds | | 7 087 | 1 978 | 741 | 17 227 | 18 967 | 18 967 | 18 967 | 18 530 | 14 956 | 12 096 | 12 519 | 12 769 |
| Total Capital Funding | 7 | 19 223 | 43 941 | 31 841 | 39 173 | 41 058 | 41 058 | 41 058 | 45 154 | 43 040 | 41 804 | 43 267 | 44 133 |

d) Debt Management Framework

Table F3 table details the Debt Management Framework. Loans will only be raised to fund the Capital Investment Programme.

### Table F3 Debt Management Framework

EC142 Senqu - Supporting Table SA17 Borrowing

| Borrowing - Categorised by type | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Parent municipality | | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | – | 8 163 | 15 659 | 16 586 | 14 453 | 14 453 | 13 150 | 11 743 | 10 224 |
| Long-Term Loans (non-annuity) | | – | – | – | – | – | – | – | – | – |
| Local registered stock | | – | – | – | – | – | – | – | – | – |
| Instalment Credit | | – | – | – | – | – | – | – | – | – |
| Financial Leases | | – | – | 44 | – | 44 | 44 | 44 | 44 | 44 |
| PPP liabilities | | – | – | – | – | – | – | – | – | – |
| Finance Granted By Cap Equipment Supplier | | – | – | – | – | – | – | – | – | – |
| Marketable Bonds | | – | – | – | – | – | – | – | – | – |
| Non-Marketable Bonds | | – | – | – | – | – | – | – | – | – |
| Bankers Acceptances | | – | – | – | – | – | – | – | – | – |
| Financial derivatives | | – | – | – | – | – | – | – | – | – |
| Other Securities | | – | – | – | – | – | – | – | – | – |
| Municipality sub-total | 1 | – | 8 163 | 15 703 | 16 586 | 14 497 | 14 497 | 13 194 | 11 787 | 10 268 |

e) Grants receivable

Table F4 details the Grants receivable in the 2012/2013 financial year and two outer budget years

### Table F4 Grants Receivable

EC142 Senqu - Supporting Table SA18 Transfers and grant receipts

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| RECEIPTS: | 1, 2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government: | | 41 371 | 55 859 | 67 870 | 86 935 | 86 875 | 86 875 | 97 581 | 100 136 | 108 804 |
| Equitable share | | 40 290 | 54 621 | 64 714 | 76 965 | 76 965 | 76 965 | 85 187 | 91 229 | 97 992 |
| Finance Management | | 500 | 1 000 | 1 200 | 1 450 | 1 450 | 1 450 | 1 500 | 1 500 | 1 750 |
| Nat Gov: Neighbourhood Dev Partners | | – | – | – | 2 900 | 2 900 | 2 900 | 2 300 | – | – |
| Nat Gov: Councillor Remuneration | | – | – | – | 2 226 | 2 226 | 2 226 | 4 536 | 5 129 | 6 548 |
| Municipal Systems Improvement | | 400 | 237 | 714 | 790 | 790 | 790 | 800 | 800 | 950 |
| IEC Elections | | 181 | – | – | – | – | – | – | – | – |
| Municipal Infrastructure (MIG) | | – | – | 960 | 1 155 | 1 095 | 1 095 | 1 401 | 1 478 | 1 564 |
| Nat Gov: EPWP Incentive Grant | | – | – | 282 | 1 449 | 1 449 | 1 449 | 1 857 | – | – |
| Spatial Development Framework | | – | – | – | – | – | – | – | – | – |
| Provincial Government: | | 10 452 | 14 170 | 31 187 | 2 676 | 15 037 | 15 037 | 1 964 | 2 081 | 2 206 |
| Health subsidy | | 512 | – | – | – | – | – | – | – | – |
| Prov Gov: Valuation Roll | | 400 | – | – | – | – | – | – | – | – |
| Prov Gov: Housing - Hillside 1 000 | | 5 770 | 13 203 | 9 607 | – | 7 500 | 7 500 | – | – | – |
| Prov Gov: Housing - Herschel 700 | | 447 | 366 | – | – | – | – | – | – | – |
| Prov Gov: Housing - Lady Grey 1 000 | | 3 323 | 577 | – | – | – | – | – | – | – |
| Prov Gov: Revitalization of the second economy interve | | – | – | – | – | 107 | 107 | – | – | – |
| Peach & Vegetable Processing | | – | – | – | – | – | – | – | – | – |
| Co-op's Development | | – | – | – | – | – | – | – | – | – |
| Holo Hlahatsi Agricultural Project | | – | – | – | – | – | – | – | – | – |
| LED | | – | – | – | – | – | – | – | – | – |
| Implementation Ownership | | – | – | 135 | – | – | – | – | – | – |
| DEAT Brickmaking | | – | 24 | – | – | – | – | – | – | – |
| Rossouw Agricultural Project | | – | – | – | – | – | – | – | – | – |
| Performance Agreements | | – | – | – | – | – | – | – | – | – |
| Surveying / Land Audit | | – | – | – | – | – | – | – | – | – |
| Disabled Project BE | | – | – | – | – | – | – | – | – | – |
| Drought Relief Water | | – | – | – | – | – | – | – | – | – |
| Sterkspruit Land Audit | | – | – | – | – | – | – | – | – | – |
| Libraries | | – | – | – | 676 | 676 | 676 | 742 | 786 | 833 |
| Internet Communication system | | – | – | 294 | – | – | – | – | – | – |
| Greenest Municipality | | – | – | 200 | – | – | – | – | – | – |
| Prov Gov: Musong Road | | – | – | 20 201 | 2 000 | 6 754 | 6 754 | 1 222 | 1 295 | 1 373 |
| Local Elections | | – | – | 750 | – | – | – | – | – | – |
| District Municipality: | | 3 615 | 1 997 | 923 | – | – | – | – | – | – |
| *District: Ward Committees (MSIG)* | | – | – | – | – | – | – | – | – | – |
| *District: IDP* | | 50 | – | 50 | – | – | – | – | – | – |
| *District: Valuation Roll* | | – | – | – | – | – | – | – | – | – |
| *District: Libraries* | | – | – | 660 | – | – | – | – | – | – |
| *District: Tourism* | | – | 200 | 20 | – | – | – | – | – | – |
| *District: Community Based Planning* | | – | 226 | – | – | – | – | – | – | – |
| *District: Community Participation* | | – | 204 | – | – | – | – | – | – | – |
| *Joe Gqab DM - Plastic Products* | | 3 000 | 1 367 | – | – | – | – | – | – | – |
| *Joe Gqab DM - District Call Centre* | | 565 | – | – | – | – | – | – | – | – |
| *Support Programme* | | – | – | 193 | – | – | – | – | – | – |
| *Commonage Management Plan* | | – | – | – | – | – | – | – | – | – |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| *[insert description]* | | | | | | | | | | |
| Total Operating Transfers and Grants | 5 | 55 438 | 72 025 | 99 979 | 89 611 | 101 912 | 101 912 | 99 545 | 102 218 | 111 010 |
| Capital Transfers and Grants | | | | | | | | | | |
| National Government: | | 14 722 | 17 647 | 14 514 | 21 947 | 22 007 | 22 007 | 26 624 | 28 085 | 29 708 |
| Municipal Infrastructure (MIG) | | 14 722 | 17 647 | 14 514 | 21 947 | 22 007 | 22 007 | 26 624 | 28 085 | 29 708 |
| Provincial Government: | | – | – | 105 | – | – | – | – | – | – |
| Internet/Communication Systems | | – | – | – | – | – | – | – | – | – |
| Traffic Test Station (Sterkspruit) | | – | – | 105 | – | – | – | – | – | – |
| Prov Gov: Housing - Hillside 1 000 | | – | – | – | – | – | – | – | – | – |
| Prov Gov: Housing - Herschel 700 | | – | – | – | – | – | – | – | – | – |
| Prov Gov: Housing - Lady Grey 1 000 | | – | – | – | – | – | – | – | – | – |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| *District: Ward Committees (MSIG)* | | – | – | – | | | | | | |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| *[insert description]* | | | | | | | | | | |
| Total Capital Transfers and Grants | 5 | 14 722 | 17 647 | 14 619 | 21 947 | 22 007 | 22 007 | 26 624 | 28 085 | 29 708 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | | 70 160 | 89 672 | 114 598 | 111 558 | 123 919 | 123 919 | 126 169 | 130 302 | 140 718 |

## 1.3 Financial Strategy

Senqu Municipality's three (3) key economic sectors are Agriculture, Services and the Tourism sectors, with the latter (Tourism), having the potential to grow. Data from the 2007 Community Survey indicates that the average unemployment rate of the Senqu Municipal area is 16%. This number only includes people that are actively searching for work. The percentage of people who are unemployed but not looking for work is 65%, compared to 54% for the district and 48% for the province

a) Revenue Raising Strategy

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 86 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;

  Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;

- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
  - The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and

provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

## MBRR SA15 – Detail Investment Information

| Investment type | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | |
| Parent municipality | | | | | | | | | |
| Deposits - Bank | | 67 095 | 65 867 | 113 870 | 43 983 | 95 388 | 95 279 | 98 785 | 108 067 |
| Total: | | 67 095 | 65 867 | 113 870 | 43 983 | 95 388 | 95 279 | 98 785 | 108 067 |

## MBRR SA16 – Investment particulars by maturity

| Investments by Maturity | Period of Investment | Type of Investment | Monetary value | Interest to be realised |
|---|---|---|---|---|
| Name of institution & investment ID | Yrs/Months | | Rand thousand | |
| Parent municipality | | | | |
| Standard Bank 38 848 973 1 - 005 | 32 day | 32 day | 42 694 | 2 202 |
| Standard Bank 38 848 606 6 - 001 | Call Deposit | Call Deposit | 5 137 | 265 |
| Standard Bank 38 848 916 2 - 002 | Call Deposit | Call Deposit | 47 449 | 2 448 |
| TOTAL INVESTMENTS AND INTEREST | | | 95 279 | 4 915 |

b) Asset Management Strategy

Ultimately the objectives of Senqu Local Municipality regarding Asset Management are to ensure that the assets of the Municipality are properly managed and accounted.

The Municipality has developed a comprehensive asset and insurance policy that fully complies with the GRAP standards and regulations placed upon the municipality by the National Treasury. The policy has been implemented and some of the key aspects included in the policy are as follows

- Ensuring the accurate recording of asset information
- The accurate recording of asset movements
- Exercising strict physical control over all assets (Security,
- safekeeping, housekeeping)
- Providing correct and meaningful management information in conjunction with other disciplines and functions which, inter alia, includes Insurance
- Compliance with Council's Insurance and Payments Procedure
- Effecting adequate insurance of all assets
- Maintenance of Council's Assets

By clearly clarifying roles and responsibilities within the asset management policy the municipality has ensured that clear reporting lines exists to ensure that proper account can be given regarding the use/misuse of all municipal assets.

Senqu Local Municipality ensures that proper provision is made within the asset management policy for the maintenance of assets through comprehensive maintenance plans. Every head of department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Municipal Manager / Chief Financial Officer of the municipality for approval.

If so directed by the municipal manager, the maintenance plan shall be submitted to the council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The head of department controlling or using the infrastructure asset in question, shall annually report to the council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the asset concerned.

c) <u>Capital Financing Strategy</u>

Capital Projects are mainly funded from the Municipal Infrastructure Grant but the Municipality maintains efficient and effective revenue collection systems and effective cash flow management systems and is thus in a able position to fund shortfalls from grant funding. Through the above practices, Senqu Municipality is also able to fund capital expenditure not covered in the MIG as an example vehicles and office equipment.

## 1.4 Financial Management Policies

a) General Financial Philosophy

The financial policies of Senqu Local Municipality has been drafted to provide a sound control environment thus ensuring adherence to all applicable laws regulations and to comply with best practices thereby providing a secure and fraud free management of financial services.

The Budget and Finance Office has the following objectives:

- To Fully Implement the MFMA and all its underlying reforms
- Implementation of the Legislature relevant to municipal finances and the municipality as a whole
- Effective Management of the Budget Process
- Providing strategic and specialised financial information and guidance through the Budget and Treasury Office in support of all other departments within the municipality
- Efficient and Effective Management of Municipal Revenue
- Establishment of a Supply Chain Management Unit and the full implementation of the municipal supply chain policy
- Establishment of a FBS/Indigent Support Unit
- Maintenance of Internal Financial Control
- Production of Financial Performance Reports
- To Retain the Financial Viability of the Municipality
- To have an Unqualified Audit Report

b) Budget and Integrated Development Policy

This policy sets out the budgeting principles, which Senqu Municipality will follow in preparing each annual budget, as well as the Integrated Development Planning process through which the municipality will prepare a strategic integrated development plan, for each five-year period.

c) <u>Tariff Policy</u>

A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 (see part 9 of this policy) of the Municipal Systems Act No. 32 of 2000.

In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

**All tariffs will be indicated in a tariff schedule, which will be an Addendum to this policy and will be reviewed and amended by Council annually during its IDP and Budget process.**

d) Rates Policy

The local Government: Municipal Property Rates Act, No 6 of 2004, requires that the municipality develop and adopt a rates policy in consistent with the Act on the levying of rates on rate able property in the municipality. The rates policy of the municipality to which residents / communities will annually be invited to make suggestions / recommendations during its budget process will be based on public submissions, which can include oral presentations and bilateral meetings in order to obtain clarity on the submitted comments as well as further motivations thereof. The municipal council will not take the final decision before such a consultative processes has been concluded.

In developing and adopting this Rates Policy, the Council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

- the Constitution enjoins local government to be developmental in nature, in addressing the service delivery properties of our country and promoting the economic and financial viability of our municipalities;
- there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;
- revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of discriminatory legislation and practices; and

- It is essential that municipalities exercise their powers to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation and which take account of historical imbalances and the burden of rates on the poor.

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property Rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households; these includes installing and maintaining streets, roads, sidewalks, lighting and cemeteries. Property Rates revenue is also used to fund municipal administration and costs of governance, which facilitate community participation on issues of Integrated Development Plans and municipal budgets. Property Rates revenue would under circumstances be used to fund any function of the municipality.

Municipal Property Rates are set, collected and used locally. Revenue from property rates is spent within the municipality, where the citizens and voters have a choice on how the revenue is spent as part of the Integrated Development Plan and budget processes, which the municipality will annually invites the community to input prior the council's adoption of the budget.

The following principles will ensure that the municipality treats persons liable for rates equitable:

<u>Equity</u> – the municipality will treat ratepayers with similar properties the same;

<u>Affordability</u> – the ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor / indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

In applying its Valuations and Rates Policy, the Council shall adhere to all the requirements, as set out below, of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

e) <u>Free Basic Services and Indigent Support Policy</u>

The principles of the Free Basic Services and Indigent Support Policy are as follows:

- Ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and
- not to subsidise rates and service charges of those who can afford to pay;

- To link this policy with the municipality's *IDP (Integrated Development Plan), LED* initiatives and poverty alleviation programmes;
- To promote an integrated approach to free basic service delivery; and
- To engage the community in the development and implementation of this policy.

Policy Objectives

In support of the above principles the objective of this policy will be to ensure the following:

- The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy;
- The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households; and
- Co-operative governance with other spheres of government.

f) <u>Credit Control & Debt Collection Policy</u>

The purpose is to ensure that credit control forms an integral part of the financial system of the local authority, and to ensure that the same procedure be followed for each individual case.

Principles underlined in the policy is as follows

- The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- A copy of the application form including conditions of services must be handed to every new customer on date of application for services. A copy of the council's Credit Control and Debt Collection policy would on request be made available to any customer.
- Billing is to be accurate, timeous and understandable.
- The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.

- The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- Incentives and disincentives may be used in collection procedures.
- Results will be regularly and efficiently reported by the Municipal Manager and the Mayor.
- Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- Debtors may be referred to third party debt collection agencies and may be placed on the National Credit Rating list.

g) Supply Chain Management Policy

The objective of this policy is to provide a policy framework within which the municipal manager and chief financial officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, competitive, which ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –

- gives effect to – section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act;
- is fair, equitable, transparent, competitive and cost effective;
- complies with – the Regulations; and
- any minimum norms and standards that may be prescribed in terms of section 168 of the Act; is consistent with other applicable legislation and guidelines, being:

| |
|---|
| Banks Act, 1990, Act No.94 of 1990 |
| The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996 |

| |
|---|
| Public Finance Management Act, 1999, Act No 1 of 1999 |
| Preferential Procurement Policy Framework Act, 2000, Act No 5 of 2000 |
| Local Government: Municipal Systems Act, 2000, Act No 32 of 2000 |
| Construction Industry Development Board Act, 2000, Act 38 of 2000 |
| Preferential Procurement Regulations, 2001, Pertaining to the Preferential Procurement Framework Act – Notice 22549 of 10 August 2001 – Gazette No 7134 |
| Broad-Based Black Economic Empowerment Act, 2003, Act No 53 of 2003 |
| Municipal Finance Management Act, 2003, Act No 56 of 2003 |
| National Treasury: MFMA Circular No. 2 – Supply Chain Management – 20 July 2004 |
| Prevention and Combating of Corruption Activities Act, Act No 12 of 2004. |
| Local Government: Municipal Finance Management Act, 2003 – Municipal Supply Chain Management Regulations – Notice 868 of 2005 |
| National Treasury: MFMA Circular No. 22 – Model Supply Chain Management Policy – 25 August 2005 |
| Code of Conduct for Supply Chain Management Practitioners and Other Role Players - August 2005. |
| Municipal Supply Chain Management Model Policy – August 2005. |
| National Treasury: MFMA Circular No.25 – Supply Chain Management Guide, General Conditions of Contract and Municipal Bidding Documents – 3 October 2005. |
| A Guide for Accounting Officers of Municipalities and Municipal Entities – October 2005 |
| General Conditions of a Contract – October 2005. |
| Senqu Municipality: Supply Chain Management Policy Ver. 1 – 1 January 2006. |
| Government Notice 44 – Exemptions from Supply Chain Management Regulations – 18 January 2006. |
| National Treasury: MFMA Circular No. 29 – Supply Chain Management Issues – 31 January 2006. |
| National Treasury: MFMA Circular No.33 – Supply Chain Management Issues – 27 March 2006. |

- does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

## 1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

### 1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

| | |
|---|---|
| **GRAP 5** | Borrowing Costs |
| **GRAP 6** | Consolidated and Separate Financial Statements |
| **GRAP 7** | Investments in Associate |
| **GRAP 8** | Interests in Joint Ventures |
| **GRAP 101** | Agricultural |
| **GRAP 102** | Intangible assets |
| **IPSAS 20** | Related Party Disclosure |
| **IFRS 3 (AC140)** | Business Combinations |
| **IFRS 4 (AC141)** | Insurance Contracts |

| | |
|---|---|
| **IFRS 6 (AC143)** | Exploration for and Evaluation of Mineral Resources |
| **IAS 12 (AC102)** | Income Taxes |
| **SIC – 21 (AC421)** | Income Taxes – Recovery of Revaluated Non-Depreciable Assets |
| **SIC – 25 (AC425)** | Income Taxes – Changes in the Tax Status on an Entity or its Shareholders |
| **SIC – 29 (AC429)** | Service Concessions Arrangements – Disclosures |
| **IFRIC 2 (AC435)** | Members' Shares in Co-operative Entities and Similar Instruments |
| **IFRIC 4 (AC437)** | Determining whether an Arrangement contains a Lease |
| **IFRIC 9 (AC442)** | Reassessment of Embedded Derivatives |
| **IFRIC 12 (AC445)** | Service Concession Arrangements |
| **IFRIC 13 (AC446)** | Customer Loyalty Programmes |
| **IFRIC 14 (AC447)**<br>**IAS19** | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| **IFRIC 15 (AC448)** | Agreements for the Construction of Real Estate |
| **IFRIC 16 (AC449)** | Hedges in a Net Investment in a Foreign Operation |

The municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective.

| **Standard** | **Description** | **Effective Date** |
|---|---|---|
| GRAP 1 (Revised) | Presentation of Financial Statements | 1 April 2011 |
| GRAP 2 (Revised) | Cash Flow Statements | 1 April 2011 |

| | | |
|---|---|---|
| GRAP 3 (Revised) | Accounting Policies, Changes in Accounting Estimates and Errors | 1 April 2011 |
| GRAP 4 (Revised) | The Effects of changes in Foreign Exchange Rates | 1 April 2011 |
| GRAP 9 (Revised) | Revenue from Exchange Transactions | 1 April 2011 |
| GRAP 10 (Revised) | Financial Reporting in Hyperinflationary Economics | 1 April 2011 |
| GRAP 11 (Revised) | Construction Contracts | 1 April 2011 |
| GRAP 12 (Revised) | Inventories | 1 April 2011 |
| GRAP 13 (Revised) | Leases | 1 April 2011 |
| GRAP 14 (Revised) | Events after the reporting date | 1 April 2011 |
| GRAP 16 (Revised) | Investment Property | 1 April 2011 |
| GRAP 17 (Revised) | Property, Plant and Equipment | 1 April 2011 |
| GRAP 19 (Revised) | Provisions, Contingent Liabilities and Contingent Assets | 1 April 2011 |
| GRAP 21 | Impairment of non-cash-generating assets | 1 April 2012 |
| GRAP 23 | Revenue from Non-Exchange Transactions | 1 April 2012 |
| GRAP 26 | Impairment of cash-generating assets | 1 April 2012 |
| GRAP 100 (Revised) | Non-current Assets held for Sale and Discontinued Operations | 1 April 2011 |

The municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.

| Standard | Description | Effective Date |
|---|---|---|
| GRAP 25 | Employee Benefits | Unknown |

| | | |
|---|---|---|
| GRAP 104 | Financial Instruments | Unknown |

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3. A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost. The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;

- cost as supplied by suppliers.

### 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

### 1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

### 1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.5. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not yet effective, however budget information required in terms of GRAP 1 paragraph 14 to 18 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

### 1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or

size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

**1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

| Standard | Description | Effective Date |
|---|---|---|
| **GRAP 6 (Revised)** | **Consolidated and Separate Financial Statements** No significant impact is expected as the municipality does not participate in such business transactions. | **Unknown** |
| **GRAP 7 (Revised)** | **Investments in Associate** No significant impact is expected as the municipality does not participate in such business transactions. | **Unknown** |
| **GRAP 8 (Revised)** | **Interest in Joint Ventures** No significant impact is expected as the municipality does not participate in such business transactions. | **Unknown** |
| **GRAP 18** | **Segment Reporting** Information to a large extent is already included in the notes to the annual financial statements. | **Unknown** |
| **GRAP 24** | **Presentation of Budget Information in Financial Statements** Information to a large extent is already included in the | **1 April 2012** |

| | | |
|---|---|---|
| | notes to the annual financial statements. | |
| **GRAP 25** | **Employee Benefits**<br><br>Information to a large extent is already included in the notes to the annual financial statements. | **Unknown** |
| **GRAP 103** | **Heritage Assets**<br><br>No adjustments necessary as the municipality has no significant heritage assets. | **1 April 2012** |
| **GRAP 104** | **Financial Instruments**<br><br>Information to a large extent is already included in the notes to the annual financial statements. | **Unknown** |
| **GRAP 105** | **Transfer of Functions Between Entities Under Common Control**<br><br>No significant impact is expected as the municipality does not participate in such business transactions. | **Unknown** |
| **GRAP 106** | **Transfer of Functions Between Entities Not Under Common Control**<br><br>No significant impact is expected as the municipality does not participate in such business transactions. | **Unknown** |
| **GRAP 107** | **Mergers**<br><br>No significant impact is expected as the municipality does not participate in such business transactions. | **Unknown** |

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

**1.8. RESERVES**

### *1.8.1 Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

### *1.8.2 Valuation Roll Reserve*

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of the Valuation roll

### *1.8.3 Employee Benefits Reserve*

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus/(deficit.

### *1.8.4 Revaluations Reserve*

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17. All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

## 1.9. LEASES

### *1.9.1 Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

#### *1.9.2 Municipality as Lessor*

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The

accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

## 1.10. GOVERNMENT GRANTS AND RECEIPTS

### *1.10.1Unspent Conditional Government Grants and Receipts*

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable. Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies. This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
    - When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
    - The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
    - Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality’s interest it is recognised as interest earned in the Statement of Financial Performance.

### *1.10.2 Unpaid Conditional Government Grants and Receipts*

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public. The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

### 1.11. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable. Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public. This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
  - When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
  - The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
  - Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 1.12. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle

the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
    i. the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and

- when the plan will be implemented.

- The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

## 1.13. EMPLOYEE BENEFITS

### *(a) Post-Retirement Medical Obligations*

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including

notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

***(b) Long Service Awards***

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

***(c) Accrued Leave Pay***

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

***(d) Performance Bonuses***

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

***(e) Pension and Retirement Fund Obligations***

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**1.14. BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

## 1.15. PROPERTY, PLANT AND EQUIPMENT

### *1.15.1 Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment

can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### *1.15.2Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### *1.15.3 Subsequent Measurement – Revaluation Model*

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

### *1.15.4 Depreciation and Impairment*

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### *1.15.5 De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### *1.15.6 Land and Buildings and Other Assets – Application of Deemed Cost (Directive 7)*

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

### 1.16. INTANGIBLE ASSETS

#### *1.16.1 Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
  - it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

#### *1.16.2 Subsequent Measurement – Cost Model*

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### *1.16.3 Amortisation and Impairment*

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are

amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

#### *1.16.4 De-recognition*

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### *1.16.5 Application of deemed cost (Directive 7)*

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

### 1.17. INVESTMENT PROPERTY

#### *1.17.1 Initial Recognition*

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

***1.17.2 Subsequent Measurement – Fair Value Model***

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

***1.17.3 De-recognition***

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### *1.17.4 Application of deemed cost - Directive 7*

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

## 1.18. NON-CURRENT ASSETS HELD FOR SALE

### *1.18.1 Initial Recognition*

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### *1.18.2 Subsequent Measurement*

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

## 1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

### *1.19.1 Cash-generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### *1.19.2 Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

**1.20. NON CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

## 1.21. INVENTORIES

### *1.21.1 Initial Recognition*

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### *1.21.2 Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method. Cost of land held for sale is assigned by using specific identification of their individual costs

## 1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

### *1.22.1 Initial Recognition*

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

### *1.22.2 Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost (”other”). The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### *1.22.2.1 Receivables*

Receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

*1.22.2.2 Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

*1.22.2.3 Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

***1.22.3 De-recognition of Financial Instruments***

*1.22.3.1 Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### *1.22.3.2 Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### *1.22.4 Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 1.23. REVENUE

### *1.23.1 Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality. After a period of twelve months all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the

prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain. Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

***1.23.2 Revenue from Exchange Transactions***

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of

consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units. Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Interest revenue is recognised using the effective interest rate method. Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer. Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services. The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of

the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue. When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### *1.23.3 Grants, Transfers and Donations (Non-Exchange Revenue)*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### 1.24. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

***(a) Related parties include:***

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2$^{nd}$ and 3$^{rd}$ bullet, or over which such a person is able to exercise significant influence.

***(b) Key management personnel include:***

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### 1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial

Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.28. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability. Management judgement is required when recognising and measuring contingent liabilities.

### 1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

***Post Retirement Medical Obligations and Long Service Awards***

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets. For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Provisions and Contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

***Revenue Recognition***

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

***Provision for Task Implementation and Back Pay***

The provision at 30 June 2010 for Task Implementation represents the municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

The provision at 30 June 2011 for Back Pay represents the municipality's obligation towards Section 57 Directors as a result of an amendment in their employment contracts. The calculation was based actual remuneration paid versus the requirements of the amended packages.

***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

***Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

***Componentisation of infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

## 1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

## 1.31. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

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### 8.1.6 Information and Communication Technology

The ICT Software used by Senqu Local Municipality is summarized in Table F5 below:

**Table F5**

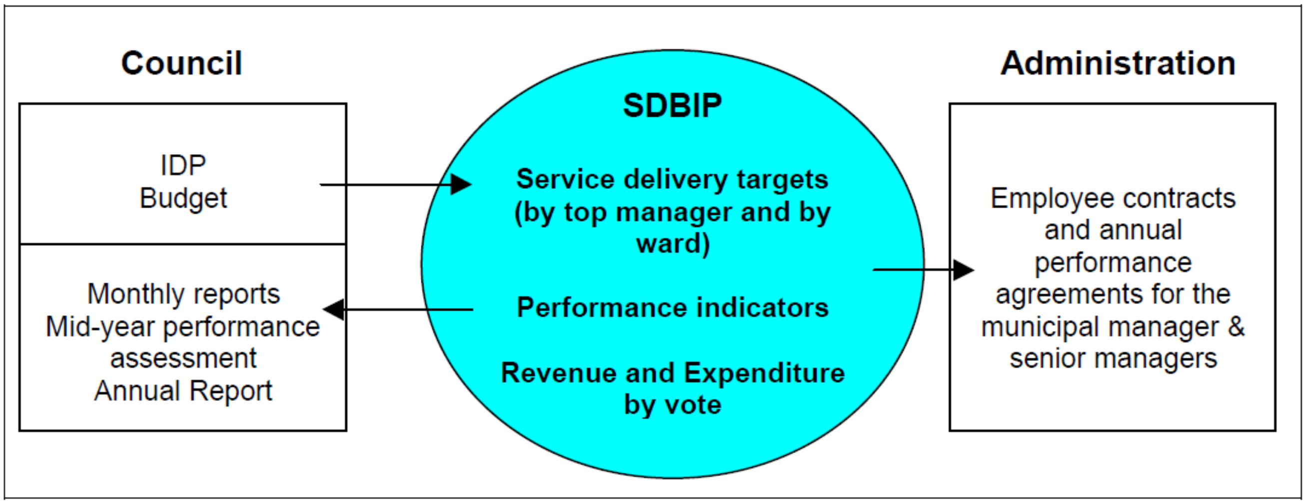
| Company | Programme | Application |
|---|---|---|
| Sebata | Sebata Financial Management Solutions | Sebata Consolidated Billing<br>Sebata Ledger<br>Sebata Payroll<br>Sebata Assets<br>Sebata Stores<br>Sebata Cashbook<br>Sebata Financial Management Solutions |

| | | |
|---|---|---|
| Microsoft | MS Office | MS Word<br><br>MS Excel<br><br>MS PowerPoint<br><br>MS Publisher<br><br>Adobe<br><br>MS Outlook |
| Sophos | Sophos Protection | Sophos Antivirus |
| Standard Bank | Standard Bank Business Online | Standard Bank Business Online<br><br>Electronic Banking |
| SITA | eNatis | Motor Vehicle Registration |

**8.2 THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)**

The SDBIP marries the Performance Management System (as required under the Municipal Systems Act) with the budget and the IDP. Thus the strategic direction mapped out in the IDP is matched with financial

resources and delivery of services as specified in the PMS. The requirement for a SDBIP is stated in the MFMA, Section 69.3 (a) and is the responsibility of the Municipal Manager.




The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through links with the IDP.
- The Financial Imperative – Through links with the budget.
- The Performance Imperative – Through links to the PMS.

The National Treasury Circular 13 describes I detail the approach to SDBIP's. Basically there is a high level SDBIP for the purpose of high level monitoring by stakeholders, backed by full detail all the way to the individual employee. Starting from the top (the Municipal Manager), all staff operate under KPI's within the identified KPA's. In effect the SDBIP becomes the implementation tool for the budget and the basis for non-financial monitoring.

At the highest level every vote could be aligned to an IDP strategy and some KPI's. These then form the basis of future monthly and in year reporting.

**Audit reports**

The municipality has received unqualified reports for the past 3 years unlike its counterparts who have received qualified audits in the past. However all municipalities in the region have been improving their audit outcomes and will reach the clean audit outcomes by 2013.

**Audit Committee**

The Audit Committee consist of 3 external persons including the Chairperson. The rest is formed by S57 Managers, risk champion, COO, internal auditors and the AG representative. The committee does have a term of reference and reports annually to Council. Quarterly minutes are submitted to Council.

An annual internal audit plan is prepared every year by the Internal audit unit and is approved by the Audit Committee. This plan includes the auditing of performance information relating to the IDP implementation. An annual audit action plan is also done in response to the AG's report. The main focus for this year is decreasing the amount of irregular and wasteful expenditure. Most of this was incurred due to high leakage of electricity. It is also clear that management needs to place more emphasis on ensuring compliance including supply chain management.

**Internal Audit**

The Internal Audit unit consists of a Chief internal Auditor (to be appointed) and an internal auditor and trainee. The unit has been assisted in the past with running internal audits with the assistance of Price Water House Coopers but this contract expires in the new financial year. An annual audit plan is developed and presented to the audit committee. The internal audit unit falls under the Municipal Managers Office for administration purposes.

**Audit action plan**

An audit action plan is developed on an annual basis in response to the AG reports. Departments within the municipality are allocated tasks in accordance with the audit findings and report on a quarterly basis. This is monitored by the COO in the Municipal Managers Office.

# CHAPTER TEN: PERFORMANCE MANAGEMENT SYSTEM

**Introduction**

This is a summarised version of the Senqu Performance Management system adopted by Council on the 11 March 2011.

The purpose of the policy is “to ensure good governance and create a culture of performance and accountability”.

Guiding Principles

The Performance Management System and Framework will be guided by the following broad principles:

- Open communication in order to ensure that all parties understand the expectations and challenges facing them, whilst being able to discuss performance difficulties and issues freely;
- The alignment of departmental and individual performance objectives with the strategic objectives of Senqu Municipality (as relating to the Integrated Development Plan);
- Commitment to the application of Performance Management within the prescripts of the framework and policy;
- Recognition of performance which meets or exceeds the required standards;
- Coaching and development in areas where performance does not meet the required standards; and
- Developmental feedback in order to ensure that performance optimisation is fostered.

***Development, reporting and review process***

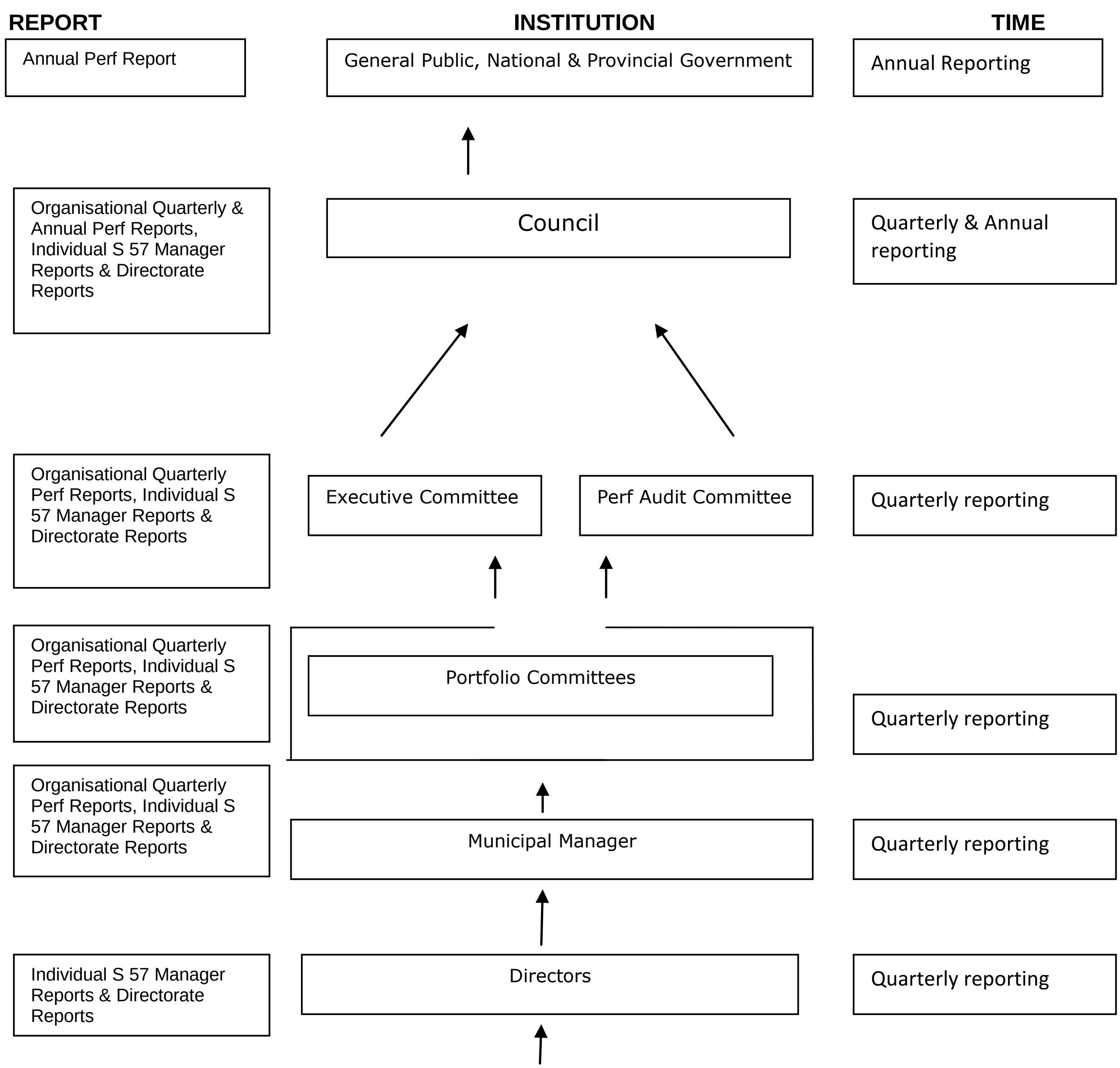
The Performance Management Cycle is an annual cycle, which extends from 1 July to 30 June, during which time performance is measured against performance targets. Through the process of planning, steps are taken to “plan” and set performance targets for the period under review.

These targets will be ultimately linked to the achievement of the IDP objectives, which represent the targets of the Municipality as a whole. These targets in turn, are reflected within the Municipal Scorecard (as high-level strategic

objectives) which is further translated into departmental objectives (as reflected also within the SDBIP's or Service Delivery Budget and Implementation Plans.

These, in turn, are translated into plans, which become increasingly operational, as they cascade from the senior Managers down to the lower levels. Each "subordinates" scorecard (depicting performance objectives and performance indicators) are drawn from the Manager's scorecard immediately above.

**The Annual Process of Reporting and Review**



| Individual Monthly performance Reports & Sectional Reports | Staff Members | Monthly & Quarterly reporting |
|---|---|---|

Measuring employee performance

The criteria to measure an employee's performance will be reflected on the scorecard as outputs (or agreed upon objectives, i.e. targets). This describes exactly what was required to be achieved during the year. Performance Indicators for each output will be provided and will detail the evidence that will be required to assess whether or not the employee has achieved the required objective. The Inputs are reflected as the knowledge, skills and behaviour required in order achieving these objectives i.e. the inputs or behaviour required.

Actual performance will be evaluated on evidence provision and a Portfolio of Evidence will be required to be presented for each individual in order to substantiate the achievement or non-achievement of required performance in all areas highlighted within the scorecard.

A column entitled "Reason for Deviation" will be completed to indicate reasons for over or under achievement, so that ratings may be made within context.

*WEIGHTINGS AND INDICATORS (Technical, CMC's and CCR's)*

Indicators or inputs will be weighted according to the impact within each Key Performance area on the scorecard. As a standard rule of thumb and to ensure a balanced scorecard-type approach to performance management, 80% of the final score will be made up of the Technical Key Performance Areas for the position in question. CCR's (cross-cutting results) or Core Management Competencies (CMC's) will account for 20% of the final score. KPA's are scored out of 160 points for the technical aspect of the position and 40 points are allocated to the CMC's or CCR's. As in the case of all indicators, these inputs will detail the required targets and the evidence required in order to measure actual performance achieved against the desired objectives.

*Scoring Process and Procedure*

The process of scoring s57 Managers and employees in terms of the current Performance Management System

and in terms of generally accepted practice, requires that the following activities occur:

- Evaluation and scoring of these Managers is required to be undertaken on a quarterly basis. The most critically important reason for doing this quarterly is to ensure that issues are addressed "sooner rather than later", should deficiencies in performance exist. Appropriate action and action in the "best interests of Council" would be enabled, thereby ensuring that Council is most likely to achieve its performance targets.

- In the case of final evaluations and more specifically within the process of scoring, it is required that scores be made by each contributing member of the panel on a separate Scoresheet. All scores from all parties are then averaged and a single consolidated score is written on the final scorecard (representing the average scores).

  The role of the Facilitator will be to lead the Evaluation Panel and the respective s57 Managers through the process of Performance Evaluation and to ensure that this occurs systematically and fairly as per system requirements. This process will apply similarly during subsequent levels.

  The following procedure will be undertaken in this process of Performance Measurement and will be facilitated by the Facilitator:

- During each evaluation, the Facilitator will lead the process by outlining each area on the populated scorecard.

- Each member of the panel will rate the Manager/employee under discussion.

- The respective s57 Manager/employee will then be required to give a verbal account on specific achievements/non achievements and the reasons for any deviations. Where requested, formal documentary evidence must be provided to validate performance. SDBIP's/documentary evidence and evidence portfolio's may also be used to substantiate performance or to settle disputes and such evidence will be requested as and when required.

- The chosen areas for the CMC's are clearly defined as per attached guidelines (Annexure A) and this must be used when scoring, so as to ensure consistency of application.

- SDBIP's will be made available up front, so that easy reference can be made and evidence obtained

- Measures or scores from 1 – 5 will be used to rate each area under review and the guidelines and definitions for these ratings will appear for ease of reference on the score sheets. (Refer Annexure B)

- Finally, all scores (as indicated on separate panel members' score sheets) will be added together and divided by the number of panel member's present (who scored). An average or consolidated score will then be obtained for each area under review.

- A column that reads *"Reason for Deviations"* will be completed for all scored areas and scores in order to offer insight where deviations have occurred.

- A report indicating all consolidated scores will be submitted within one (1) week to the Municipal Manager. These scores must be verified as correct by the Internal Audit Committee and thereupon; bonuses will be authorized for all deserving Managers and employees.

Every effort must be made to evaluate performance objectively, realistically and accurately. Failure to do so (resulting in over- or under-stating performance) can only be detrimental – both to the organization and to the individual.

*Recognition and Qualifying for Bonuses - s57 Employees*

The Municipal performance regulations for s57 Managers promulgated in August 2006 in respect of the management of performance evaluation outcomes indicate that a performance bonus ranging between 5% and 14% of all-inclusive remuneration package may be paid in order to recognize **outstanding** performance.

s57 Managers (In terms of Municipal performance regulations promulgated in August 2006)

- A score of 130% to 149% is awarded a performance bonus ranging from 5 – 9% and

- 150 and above is awarded a performance bonus ranging from 10% - 14%.

On the "new" performance management system the Managers need to have their bonus worked out on the sliding scale framework. This score is now out of 200 points.

The KPA's must constitute 80% of the final score and the CCR's must constitute 20% of the final score. This means that the KPA's must be scored out of 160 and the CCR's must be scored out of 40 points.

Scoring

If the KPA's received an individual score based on the 5-point rating scale, then you would determine the weighted scores as follows :

Merit Increases (s57)

Merit increases for Section 57 (special cases included) employees are determined by performance against targets. Once performance criteria have been established, performance targets are reviewed regularly. At the end of the financial year, actual performance is compared against the agreed performance targets to determine the magnitude of the merit increase. The merit increase is calculated as a percentage of the total annual package of the employee.

Budgetary provision must be made on an annual basis for the payment of performance bonuses and merit increases as indicated above.

All other employees

Bonuses will be awarded between 2% and 5% of the total package.

- 80% achievement i.e. scores of 160 and above will be entitled to a performance bonus of 5%.
- 75% - 80% i.e. scores of 150 to 159 will receive a bonus of 4%.
- 73% - 75% ie. scores 146 to 149 will receive a bonus of 3%; and
- 70% - 72% ie. scores of 140 to 145 will receive a bonus of 2%.

Scores of below 70% will not receive a bonus.

Merit Increase (Employees below s57)

Merit increases for employees below s57 will be phased in once the neccassary Budgetary provisions have been made and only employees achieving 80% and above will receive 1% of total package as a '"once off" payment in lieu of a merit increase.

*MANAGEMENT OF POOR PERFORMANCE*

Poor perfomance will be required to be managed through ongoing coaching, however, formal coaching is required to be conducted during the September and March reviews.

Failing the required improvement in performance, the employees will be managed as per the terms of their performance contracts and agreements (as per s57 and fixed-term contract positions) whilst other employees will have performance managed as per the Disciplinary and Grievance Procedure and Code.

## *ANNEXURE 1: MUNICIPAL PLANS & BY LAWS*

| PLANS | STATUS |
|---|---|
| Detailed Spatial Dev. Framework, | Reviewed 2011 from 2009. Adopted 29 April 2011 |
| Detailed Disaster Management Plan | Adopted 29 April 2011 |
| Land Use Management Framework | Principles contained in SDF |
| Land Use Management System | Principles contained in SDF |
| Waste Management Plan | Yes as part of JGDM but requires reviewing as done in 2004/5 |
| Air quality management plan | Not done as have insufficient funding to undertake |
| Environmental Plan | Yes as part of the JGDM Environmental Management Plan |
| 3 year financial plan | Yes and draft adopted 30 March 2012 |
| Work Place Skills Plan | Yes done annually |
| Employment Equity Plan | Yes done annually |
| HR Strategy | Yes done annually |
| Organogram | Draft adopted March 2012 and highlighted in IDP |
| PMS framework and policy | Adopted 2010. Revised 2011 and draft adopted 11 March 2011 |
| A. Water Service Development Plan (all WSAs)<br>B. Water Resources Plan<br>C. Forestry Plan | Not applicable but utilised information from JGDM WSDP 2010 |
| Integrated Transport Plan | Not applicable as not transport authority but utilised JGDM revised ITP 2010 |
| Housing Plan | Developed 2007 but not adopted. Consultant appointed 1 April 2011 by Department of Human Settlement to do new plan. Draft included |
| Energy Master Plan (Electricity Master Plan) | Not applicable as not a REDS |
| Local Economic Development Plan | Strategy developed in 2007 but outdated and new strategy is being developed with funding from DLG &TA. Will be complete during the 2012/13 Financial year. |

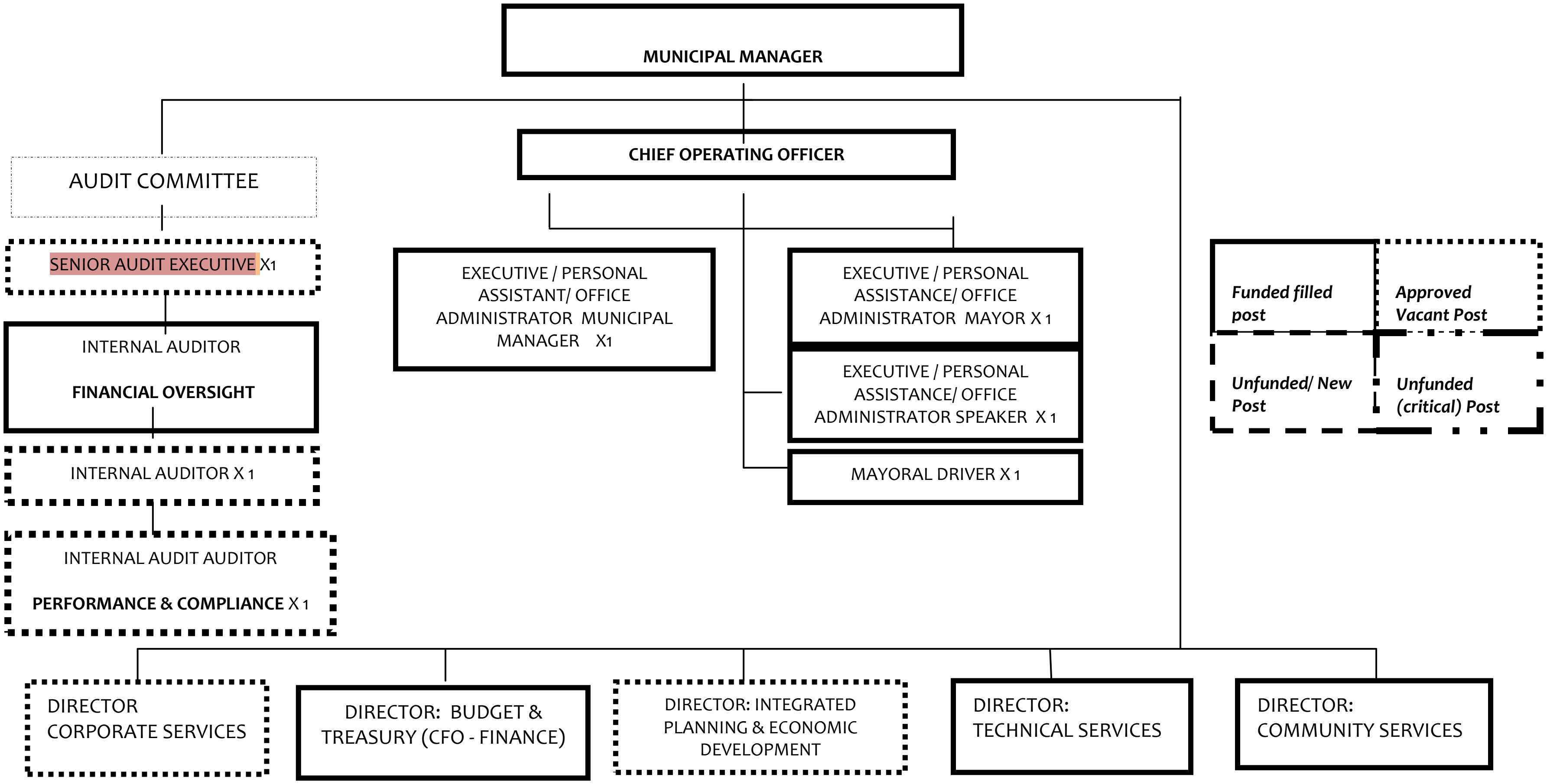
| PLANS | STATUS |
|---|---|
| Infrastructure Investment Plan (EPWP) | Yes as part of the CIP and EPWP but will be changed |
| Area Based Plans ( Land Reform) | Not applicable as done for DM's but utilised JGDM ABP 2010 |
| Anti Corruption Strategy | Yes |
| Municipal turn around strategy | Yes but completed |

| BY LAW | SUBJECT |
|---|---|
| Abattoirs | Abattoirs |
| Advertising signs and the disfigurement of the front or frontages of streets | Advertising signs and the disfigurement of the front or frontages of streets |
| Air pollution | Air pollution |
| Airport | Airport |
| Animals, birds and domestic pets | Animals, birds and domestic pets |
| Building control regulations | Building control regulations |
| Business and street trading | Business and street trading |
| Cemeteries | Cemeteries |
| Childcare services | Childcare services |

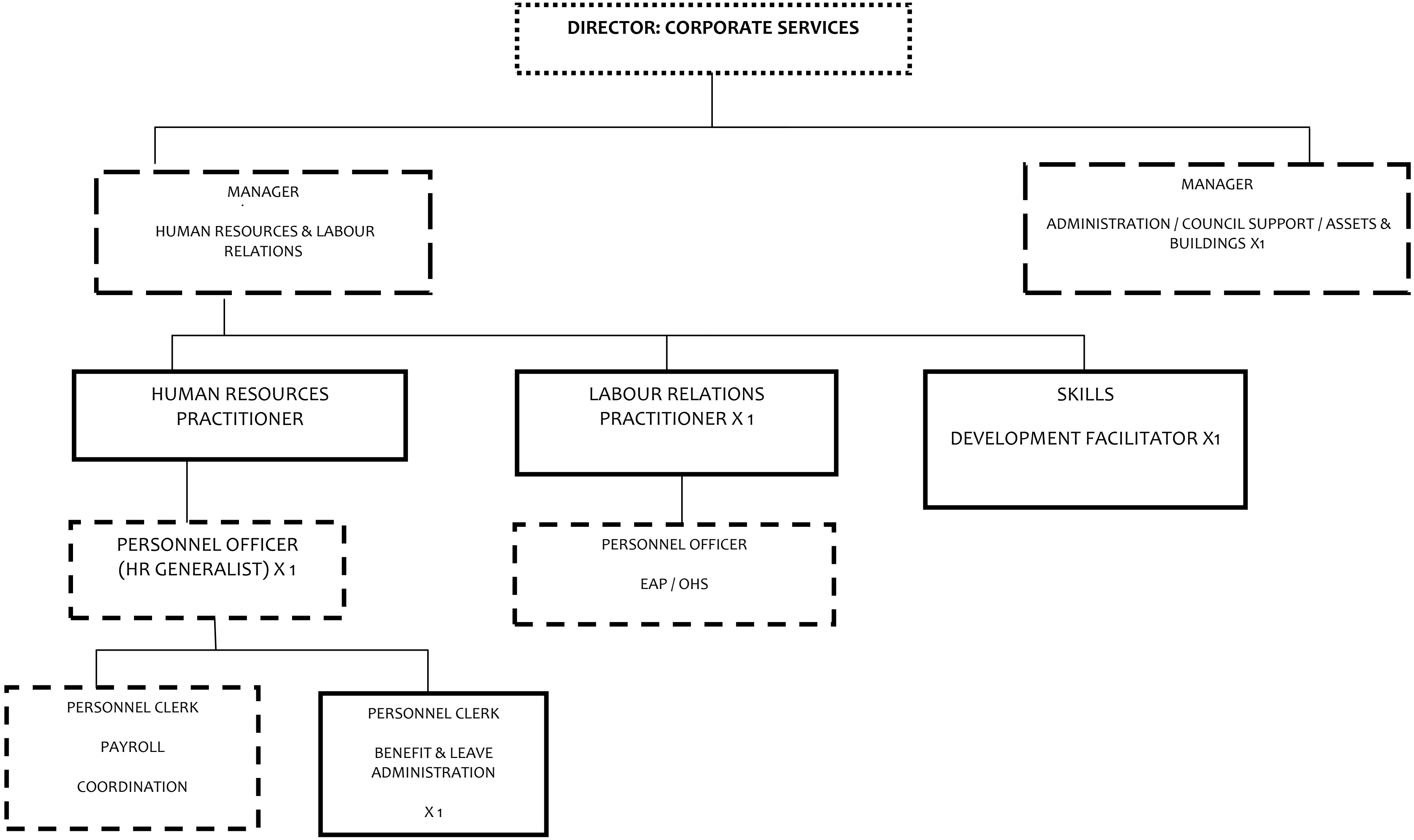
| BY LAW | SUBJECT |
|---|---|
| Commonage | Commonage |
| Community Fire services | Community Fire services |
| Corporate Identity | Corporate Identity |
| Dumping and littering | Dumping and littering |
| Electricity supply | Electricity supply |
| Keeping of dogs | Keeping of dogs |
| Liquor trading | Liquor trading |
| Municipal Honours | Municipal Honours |
| Noise pollution | Noise pollution |
| Preparation of foods at registered private kitchens | Preparation of foods at registered private kitchens |
| Prevention of nuisances | Prevention of nuisances |
| Public amenities | Public amenities |
| Public roads | Public roads |
| Road Traffic | Road Traffic |
| Street Lighting | Street Lighting |

| BY LAW | SUBJECT |
| --- | --- |
| Taxi ranks and Taxi ranking | Taxi ranks and Taxi ranking |
| Unsightly & Neglected Buildings and premises | Unsightly & Neglected Buildings and premises |
| Ward committees | Ward committees |
| Water supply sanitation services | Water supply sanitation services |

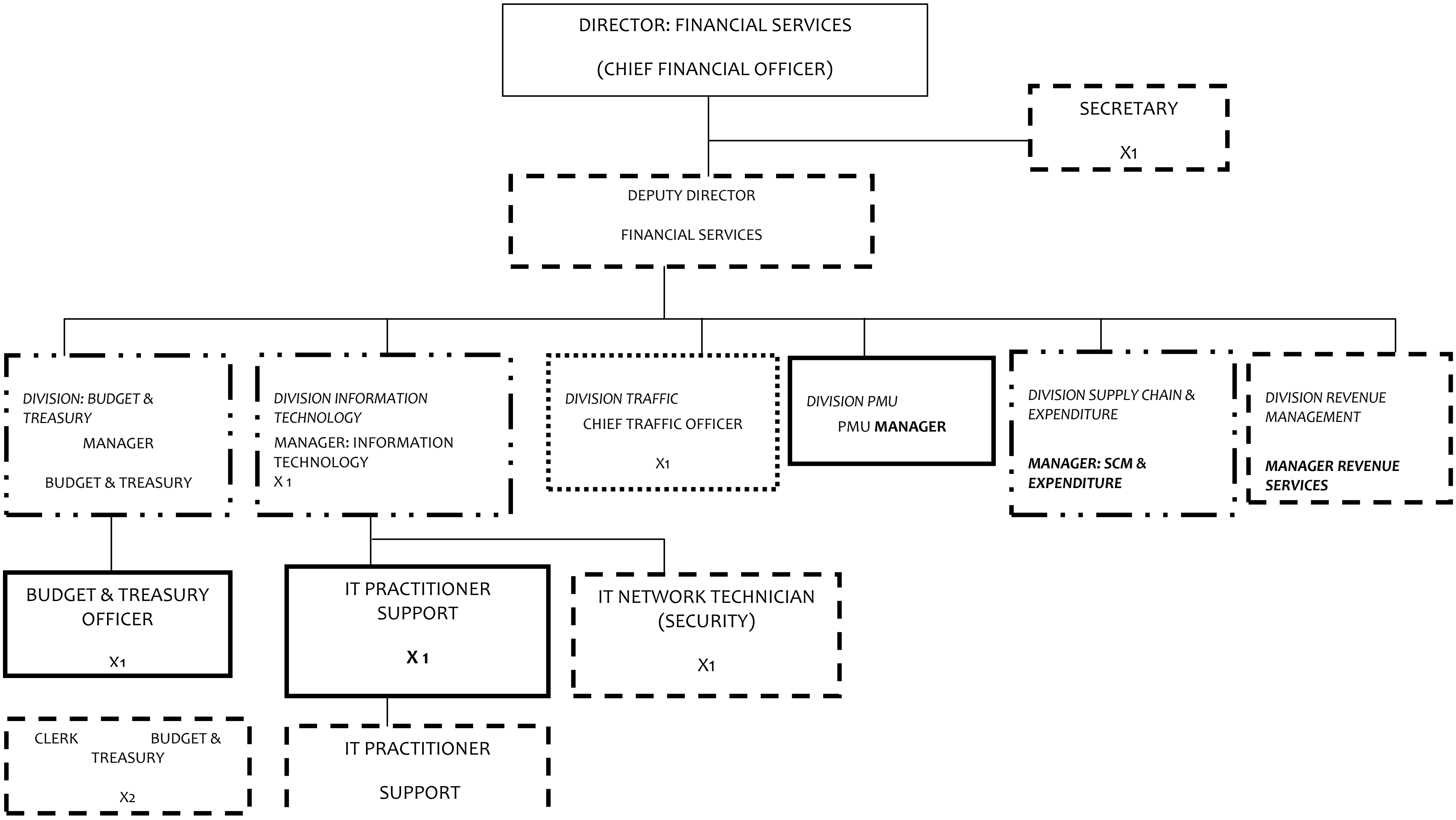
# ANNEXURE 2: ABRIDGED ORGANOGRAM



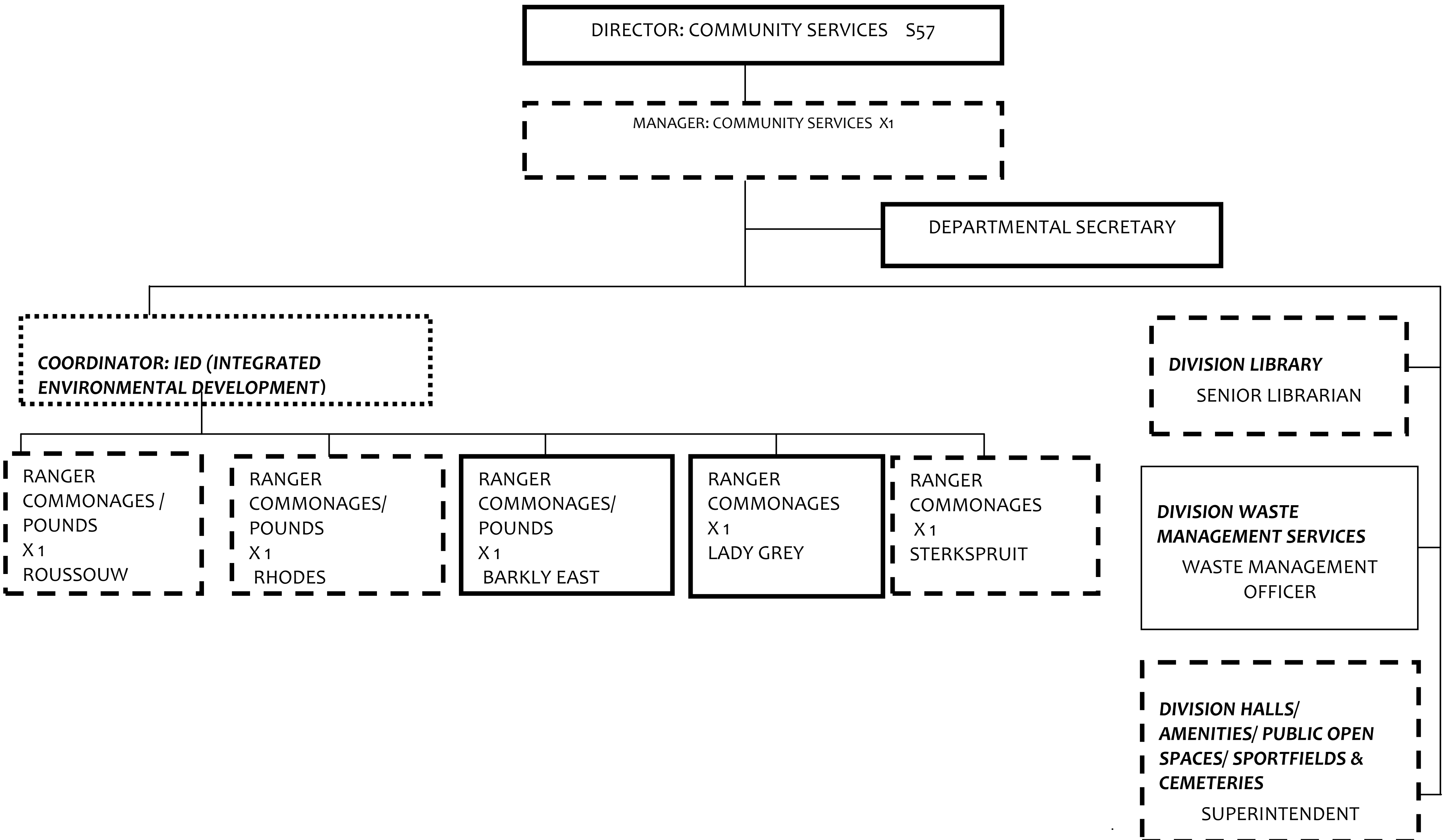
## CORPORATE SERVICES



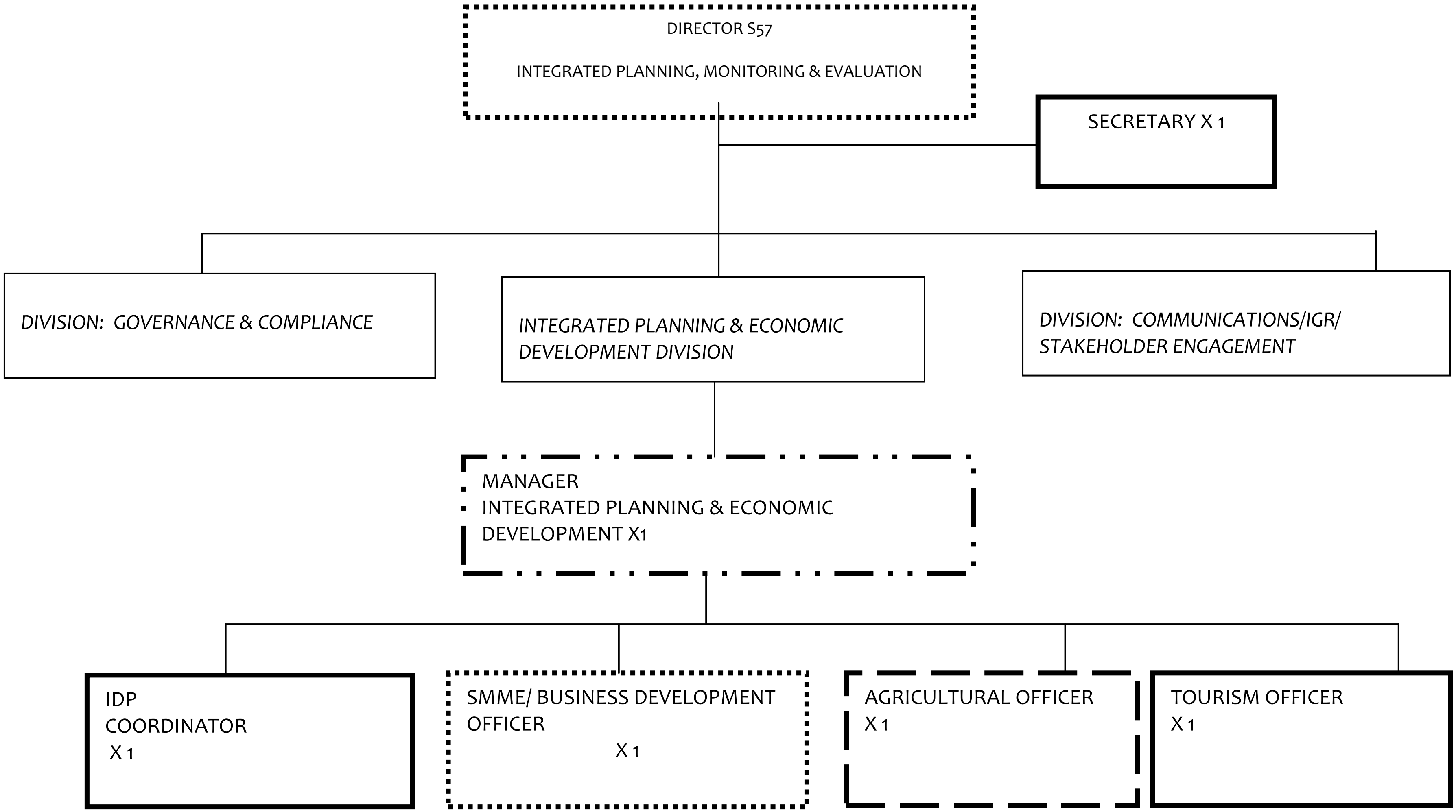
# FINANCIAL SERVICES



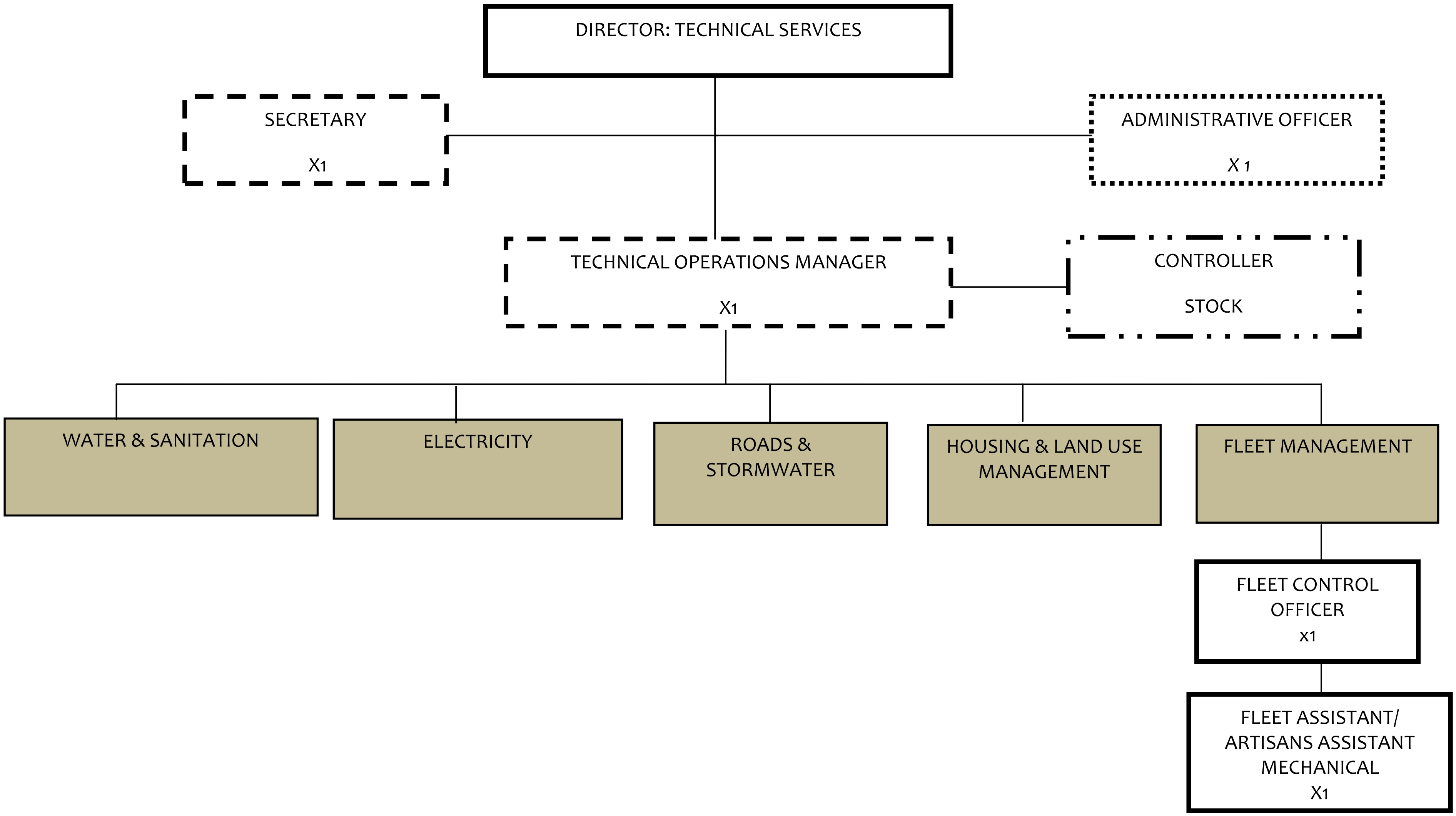
# COMMUNITY SERVICES



## INTEGRATED PLANNING MONITORING & EVALUATION



# TECHNICAL SERVICES



# REFERENCES


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ECSECC

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Joe Gqabi Environmental Management Plan 2006

Joe Gqabi Environmental Management Plan Draft December 2011

Joe Gqabi integrated Waste Management Plan 2004

Joe Gqabi Disaster Management Framework 2005

Joe Gqabi Integrated Development Plan 2012/13

Joe Gqabi Integrated Transport Plan 2010

Joe Gqabi Area Based Plan 2010

New Growth Path

National Development Plan

Senqu's Municipal turn around strategy 2010

Senqu Integrated Development Plan 2011/12

Senqu draft budget 2012/13

Senqu 3 year financial plan 2011

Senqu Spatial Development Framework 2011

Senqu Human Resources Strategy

Senqu WSDP

Senqu Employment Equity Plan

Senqu HIV and Aids Mainstreaming Strategy

Senqu CIP

Senqu PMS Framework 2011

Senqu LED Strategy 2007

Senqu Housing Sector Plan 2007 & draft 2011

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CEEPA": Mapping the South African Farming sectors' vulnerability to climate change and variability